



C.V.O.CA'S

FOR MEMBERS / SUBSCRIBERS / VOL. 24 - NO. 11 - JUNE 2021



NEWS & VIEWS

From President's Desk...

Dear Professional Colleagues and Readers,

As we all know, the virus has trapped our entire country in its cage whose keys are nowhere to be found but let's hope the doors of the cage open soon and let us birds fly towards freedom and excellence and hence resume our lives to accomplish our missions and goals. Amid battling Covid-19 second wave, a rare 'black fungus' that invades the brain is being increasingly reported in patients across India. The epidemic of Mucor mycosis is yet another of the unpleasant surprises produced by the COVID pandemic. Even antifungal drugs are in short supply in India and they may be unaffordable for most. There are relatively few categories of antifungals, and while some of them have been available for decades, newer versions that are less toxic to patients are expensive and scarce.

Since past few days there has been decline in daily new Covid-19 cases. Daily positivity rate too has dipped, but the death rate from the Covid pandemic has risen sharply across the country in May, with Delhi registering the highest case fatality rate among bigger states during the first three weeks of this month. The cumulative number of COVID-19 vaccine doses administered in the country has crossed 21 crores.

Amid, the severe Covid-19 pandemic, the income tax (I-T) department has extended the I-T return filing deadline for 2020-21. The extension in timelines will help ease the pressure in the minds of taxpayers.

ICAI Chartered Accountants Intermediate, Final & PQC Examinations for May 2021 will now commence from Monday, July 5, 2021. As per the Official website the detailed Schedule/Notifications for the said Exams will be Announced shortly.

Events in Retrospect

Students committee organised webinar for students on Guidance for preparation of CA exams. The faculties explained students on how to effectively utilize study leave period during covid times and how to avoid common mistakes during exams. The students were also provided notes on subject wise strategy for studying for CA Final exams.

Program Committee organised a webinar on How to boost Immunity Naturally in Challenging times. The webinar was attended by more than 600 participants. The speaker explained in simple and lucid language how to protect ourselves and awaken 100 percent Natural power to avoid new viruses appearing every day.

Program Committee organised yet another public program on Health Insurance in challenging times. The webinar not only covered things to be kept in mind while buying an Insurance plan but it also covered various other aspects like senior citizen health insurance, impact of room rent limit on claim and common reasons behind Health insurance claims rejections.

A person has rightly said, 'There are people who make things happen, there are people who watch things happen and there are people who wonder what happened. To be successful, you need to be a person who makes things happen.' There might be many hurdles throughout your path towards success but overcoming them is the main goal. Never let down your guard and always **Thank you all..... Always in Gratitude** work towards success, then only will your happiness thrive.

CHALLENGE TO CHANGE!!!

June 1, 2021


CA Jigar Ratilal Gogri

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CONTENTS

Events in Retrospect	3
New Gold Rush-	4
Crypto Currency & its GST implication	
Financial Lessons from.....	8
COVID times	
Insight Indas	
Moving from rules-based to	10
principles-based environment	
Little "industry-specific" GAAP Impact based on the type of transactions	
Tech नी Gal	
Future of Work –	18
Artificial Intelligence and Its Application in Accounts and Taxation	
Currentist	
Amazing Amazon	24
Industry Ninja	
Talent Is Overrated -	28
By: Geoff Colvin	
Brief Update On	
SEBI & Corporate Law.....	31
FEMA Updates.....	36
RERA Updates.....	37
DIRECT TAX Updates.....	39
GST Updates	45

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FROM THE DESK OF CHAIRMAN

ASSOCIATION



CA Ketan Nanji Gada

WINNER'S EDGE KEYS TO NEGATE A NEGATIVE SELF IMAGE

If you can't see yourself something or achieving something, you literally cannot do it. It is not what you are that holds you back, it is what you think you are not.

Six self directed keys will give you edge in winning against the toughest of all competition – a negative self image.

1. Living without limitations (self awareness)

Limits are physical boundaries, but imitations are psychological barriers, such as feeling unworthy of material success or happiness. So, avoid judging yourself against the fantasies presented by films, media and social media. Reality says you have the potential to become infinitely more than you are now. You can develop abilities through observation, imitation and reasoning. The greatest limitations you will ever face will be those you place on yourself. You can rewrite your scenario and become a victor in life. You are your own scriptwriter, and the play is never finished, no matter what your age, position and station in life.

2. Deserving to win (self esteem)

Learn to like yourself. Instead of comparing yourself to others, view yourself in terms of your own abilities, interest and goals. You always project on the outside how you feel on the inside. Self acceptance is the key to healthy self esteem – seeing yourself as an imperfect but worthwhile, changing and growing individual.

3. The proactive person (self determination)

Losers let it happen. Winners make it happen. Life is a do it yourself project. Learn to develop two critical capabilities: the ability to live with uncertainty, and the ability to delay immediate gratification in favor of long term goals. Losers try to escape from their fears with activities that are tension relieving. Winners are motivated by their deisers toward activities that are goal achieving.

Be different, if it means higher personal and professional standards. Be different, if it means being cleaner, neater and better groomed. Be different, if it means putting more time and effort into all you do. And be different, if it means taking the calculated risk.

The greatest risk in life is to wait for and depend upon others for your own security. The greatest security is to plan and act, and take the risk that will ultimately make you independent.

4. The gold mine (self direction)

You have a gold mine in your gold mind. Goals are like gold. Thought and dreams are like ore. Until the ore is extracted, shaped and given form, it has little value. Most people never reach their goals because they never set them in first place. The mind is like a guidance system. Once goal is set, the mind constantly monitors self talk and feedback, making adjustments along the ways to reach its target. Winners know where they are going and they get there.

5. The victor's circle (self talk)

The "vicious circle" is where one problem gives rise to another, leading back to first problem and magnifying it. The "victor's circle" is where one success gives rise to another success, which is parlayed into an even greater success. Positive self talk, before and after performance, is an important key to the permanent enhancement of self esteem and goal achievement.

Our self image has been built by our own beliefs and thoughts about ourselves. It records our self talk minute to minute. We all talk to ourselves in words, pictures and emotions at 300 to 400 words a minute. Become aware of your silent conversations. Your self- talk is creating your self-image and your goals. The most important briefings, meetings and conversations you will ever have are ones with yourself. It isn't enough to want success. It's not enough to plan it. It's not enough to act it. You must think it, and say it – every minute of your life.

6. The eagle's vision (self direction)

The eagle is the symbol for quiet power and scope. We must open our lenses, like the eagle, to see forest and trees and to spot opportunities to create synergy by joining individual parts of our life to make a greater more dynamic whole person – a person who understands the meaning of team and time. Over time, good seeds planted in good soil, yield fruits.

If you have internal strength, external setbacks won't keep you down very long.

Adopted from the book The Winner's Edge written by Denis Waitely.

Thank you all..... Always in Gratitude

CA Ketan Nanji Gada

EVENTS IN RETROSPECT

Day & Date	Committee	Program Name	Speaker	Attendance / Views
Monday, May 24, 2021	Students Committee	Guidance for Preparation of CA Exams	CA Priti Paras Savla, Past Chairperson of WIRC CA Jyothi Yogesh Soni, GMCS Faculty & Ex-examiner, ICAI CA Ayush Dedhia, AIR 33, Assistant Manager – Global Business Tax Deloitte Haskins & Sells LLP	143 attendees on Zoom & 149 views on YouTube
Saturday, May 15, 2021	Program Committee	How to boost 100% Natural Immunity in Challenging Times	Mr. Atul Shah (Founder - Ojas Life Foundation)	5,480 views on YouTube
Saturday, May 29, 2021	Program Committee	Health Insurance in challenging times	Mr. Mehul Pujara, Health Insurance Expert, Deputy Vice President at Raheja QBE General Insurance Company Ltd.	1,330 views on YouTube

NEW GOLD RUSH- CRYPTO CURRENCY & ITS GST IMPLICATION

Compiled by:



CA Maitri Keval Haria

If you're new to term 'Cryptocurrency' which is quiet vogueish at present, here's an infographic.



Crypto Currency Trading- Banned in India??

Good news!! it is absolutely not banned in India. Curious? Read on.

RBI Circular- Banning Crypto Trading

The Reserve Bank of India had banned cryptocurrency trading in India vide Circular no. RBI/2017-18/154DBR.No.BPBC.104 /08.13.102/2017-18. It directed that all entities regulated by it shall not deal in Virtual Currencies ('VC') or provide services for facilitating any person or entity in dealing with or setting those.

Quote

2. In view of the associated risks, it has been decided that, with immediate effect, entities regulated by the Reserve Bank shall not deal in VCs or provide services for facilitating any person or entity in dealing with or settling VCs. Such services include maintaining accounts, registering, trading, settling, clearing, giving loans against virtual tokens, accepting them as collateral, opening accounts of exchanges dealing with them and transfer / receipt of money in accounts relating to purchase/ sale of VCs.
3. Regulated entities which already provide such services shall exit the relationship within three months from the date of this circular

Unquote

SC to the rescue

The Supreme Court overruled the RBI's decision to ban banks from supporting crypto transactions on the ground of proportionality. A three-judge Supreme Court bench said that the RBI needs to show at least some resemblance of any damage suffered by banks.

Quote

6.173. It is undoubtedly true that RBI has very wide powers not only in view of the statutory scheme of the 3 enactments indicated earlier, but also in view of the special place and role that it has in the economy of the country. These powers can be exercised both in the form of preventive as well as curative measures. But the availability of power is different from the manner and extent to which it can be exercised. While we have recognized elsewhere in this order, the power of RBI to take a pre-emptive action, we are testing in this part of the order the proportionality of such measure, for the determination of which RBI needs to show at least some semblance of any damage suffered by its regulated entities. But there is none.

Unquote

RBI- Admits not banning Crypto

Further, the RBI says that it had not banned cryptocurrencies such as Bitcoin in India, but only ringfenced regulated entities like banks from risks associated with trading of such virtual instruments.

Subtle but very important distinction.

Quote

When the consistent stand of RBI is that they have not banned VCs and when the Government of India is unable to take a call despite several committees coming up with several proposals including two draft bills, both of which advocated exactly opposite positions, it is not possible for us to hold that the impugned measure is proportionate.

Unquote

Concluding, as on date Trading of crypto is legal and permissible

Heads Up- The Economic Times has reported that the RBI is planning to file a review petition in the Supreme Court.

Happy News!!

RBI has issued clarification on May 31, 2021 that the above circular is no longer valid from the date of the Supreme court judgment, and therefore cannot be cited or quoted from. This is the major statement of RBI after the SC verdict. This will give relief to crypto exchanges who were struggling to get a bank account due to lack of clarity from the RBI.

RBI, however has asked banks to continue carrying due diligence processes prescribed under existing regulations.

Is Crypto- Liable to GST in India?

As the name suggest, GST is a tax applicable when there is supply of goods or services. Unless, crypto is classified as goods/services GST on the same would not be applicable.

The term 'Goods' as per Section 2(52) of the CGST Act means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply.

The term 'Service' as per Section 2(102) of the Act means anything other than goods, money and securities but includes activities relating to the use of money or its conversion by cash or by any other mode, from one form, currency or denomination, to another form, currency or denomination for which a separate consideration is charged.

We will first need to understand whether crypto can be akin as money or securities

Crypto- Can be classified as Money??

Money has been defined under Section 2(75) of the CGST Act, the Indian legal tender or any foreign currency, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any other instrument recognised by the Reserve Bank of India when used as a consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value.

Inference : RBI has not granted any regulatory approval to crypto currency till date. Accordingly, it may not be treated as money and should fall under definition of Goods or Services.

Crypto- Can be classified as Securities?

The CGST Act has under Section 2(101) states that securities shall have the same meaning as assigned to it in section 2(h) of the Securities Contracts (Regulation) Act, 1956 which states-

“securities” include—

- (i) shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature in or of any incorporated company or other body corporate;
 - (ia) derivative;
 - (ib) units or any other instrument issued by any collective investment scheme to the investors in such schemes;
 - (ic) security receipt as defined in clause (zg) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002;
 - (id) units or any other such instrument issued to the investors under any mutual fund scheme
- (ii) Government securities;
- (iii) such other instruments as may be declared by the Central Government to be securities; and
- (iv) rights or interest in securities

As per the general understanding of Crypto it does not fall under any of the above categories. Accordingly, it cannot be classified as Securities also. Thus, the said transaction is leviable to GST.

Question arises whether it is goods or services

In the writ filed before SC, the petitioners have frequently claimed that crypto currency is a tradable commodities which you can't touch, hold or caress- Virtual commodities. It may be appropriate to classify that it is an intangible asset.

Prima facie, we can interpret that if anything, cryptocurrencies are cognate to goods then they are to services. Although, till date there is no clarity on GST on cryptocurrency by Government whether same is classifiable as goods or services.

Cryptocurrency and GST- Pandora's box

Some of the key grey areas which are yet to be looked upon:

- What will be the place of supply?
- Who is required to take GST registration?
- Determination of Value of the transaction
- Rate of tax
- Tax implications on cross-border supplies

Proposal by CEIB

Recently, the Central Economic Intelligence Bureau (CEIB) proposed the Ministry of Finance recommending a levy of 18 percent GST on bitcoin transactions.

The CEIB has suggested that bitcoin might be categorized as an 'intangible assets' class, and GST could be imposed on all transactions.

Key points of the proposal of CEIB are:

- Treatment of Cryptocurrency 'mining' as a supply of service since it generates cryptocurrency and involves rewards and transaction fees.
- Taxing of 'wallets' storing keys. Wallet service providers should be registered under GST.
- Registration of Cryptocurrency exchanges under GST and levy of tax on their earnings.
- Trading in cryptocurrency to be taxed @ 18 percent.
- Buying and selling of cryptocurrencies to be considered as a supply of goods.
- Other related facilitating transactions, including supply, transfer, storage, accounting to be treated as services.
- Determination of value of cryptocurrency.
- Where both buyer and seller are in India, transactions to be treated as a supply of software and taxable at the buyer's location.
- For transfer and sale, the place of supply to be the location of the registered person. However, where the sale is to a non-registered person, the supplier's location is considered a place of supply.
- Integrated GST payable on transactions outside the taxable territory and considered as import or export of goods.

Given the regulatory vacuum on the cryptocurrency itself, it is also a subject which Parliament may legislate upon in the near future. As per words on street for cryptocurrency, the Government of India earlier had plans to ban digital currencies. Accordingly, the question of levy may not arise, although it may favour a digital currency backed by the Reserve Bank of India, which may be treated as currency recognised by RBI and would be eligible under the definition of money which is excluded from the goods and services, thus not liable to tax under GST law.

Until next time...



FINANCIAL LESSONS FROM COVID TIMES

Compiled by:



CA Kaushil Jatin Gala

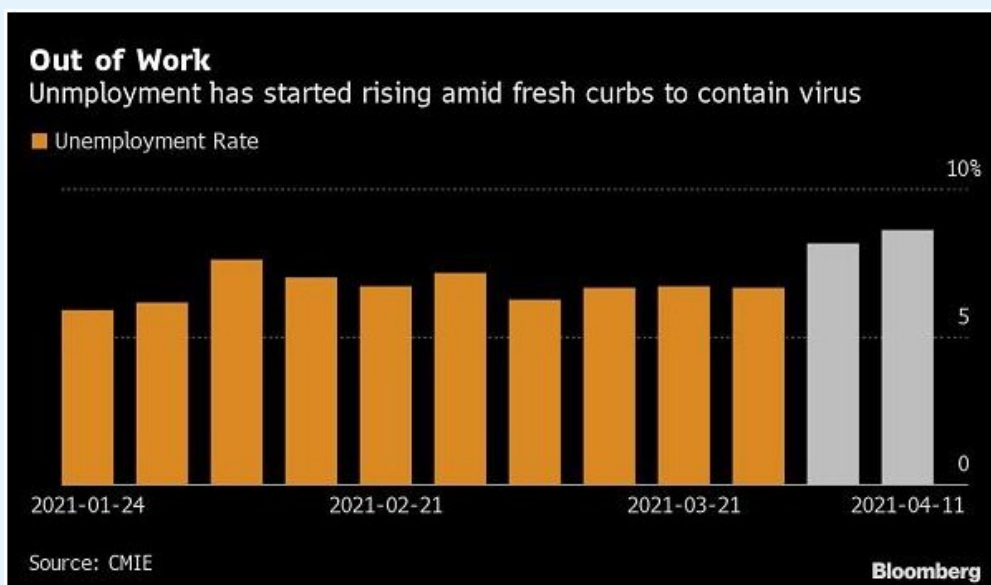


CA Sanchit Jain

Let us begin this discussion recounting a story from childhood. This story is popularly known as the Ant and the Grasshopper. The story begins with summer days, where everything is green and there is plenty of food available. The ant is busy collecting food and storing it away for Winter, while the grasshopper is singing and dancing all day. In some versions of the story, the ant even urges the grasshopper to save something for the winter days, the grasshopper refuses stating that he will do it later. As winter starts to set in, the food sources become scarce. The grasshopper finds it difficult to find enough food to survive the day, much less store away something for the future. He begins starving and has to eventually beg the ant for food. The moral of the story is that people who work hard and plan ahead are better off than those who don't.

Image Source: [Business World](#)

This exact situation is also applicable in our lives today. The last year has forced us to face many difficulties due to COVID-19 pandemic. Several employees faced pay cuts, several other lost jobs completely, in an economy where it was becoming increasingly difficult to find work. Even the professionals and businessmen weren't spared. They also faced issues in extracting payments for the previous goods/services delivered, while facing hardships in making any fresh sales due to mobility restrictions and lockdown. If this wasn't enough, prices of several essential commodities rose, as people flogged to buy and store these. Falling income and rising prices ate away at the common man's pocket from both sides.

Image Source: [Business Standard](#)

The situation didn't stop here. Preventive healthcare items like masks and sanitizers saw their prices going through the roof. Getting admitted means a huge outlay of lakhs of rupees with no guarantee of recovery. While the doctors and scientists are working on the vaccine and cure for the disease, there is another pressing matter that demands our immediate attention. In such an adverse situation, where physical and mental well-being is already at stake, it is our duty to ensure that financial well-being is taken care of. A larger part of our population faced hardships on account of lack of a rainy-day fund.



Image by Steve Buissinne from Pixabay

In simple terms, a rainy-day fund (emergency fund) is a sum of money set aside to help us sail through tough times. Adverse situations may crop up anytime without prior notice, and we need to be prepared to address them as they arise.

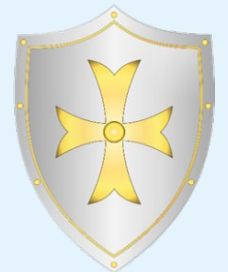
जो पहले कीजे जतन, सो पीछे फलदाय
आग लगे खोदे कुआँ, कैसे आग बुझाए

The above lines by poet Raheem Das, say that it is previous efforts which yield results later. One can't hope to extinguish the fire, if one starts digging the well after the fire has already started. The well needs to be in place much before the fire starts and should be ready to use. Only then, can one expect to use its water to extinguish the fire.

Now that we have discussed the importance of emergency funds, the next question arises – **how much money should one hold in their emergency fund?** Well, there is no one size fits all approach. An ideal fund comprises three to six months' worth of expenses. However, if an individual's source of income is not stable (e.g., in case of professionals and businessmen), one may look at a higher amount, up to one year. Hence, for deciding the amount to be kept, there are two factors – average monthly expenses (based on analysis and estimate) and number of months (based on stability, risk appetite, alternative source of income, etc.)

Once we know the amount, the next logical question is – **where do I keep this money? Should it be kept in cash form or at the bank?** The primary purpose of this money is to act as a backup plan, hence it's not very important for this money to grow at high rates. Focus is on availability at the time of need. A bucketing approach may help in deciding our allocations. An amount equal to initial one to two months expenses can be kept in cash form at home, for immediate access. Money for next two to three months expenses can be kept in a bank savings account (for minimal growth and increased safety). The balance amount can be distributed between very short-term mutual funds and short-term fixed deposits. These are merely guidelines, to be adjusted and personalised as per one's needs.

In addition to emergency funds, one should also look at getting adequate insurance cover on two counts – health and life. Health insurance comes to rescue in medical/accident cases, while life cover takes care of the dependents after the insured is no more. Only once the trio is complete, we can have a protective shield against potentially dangerous situations that may arise.



To conclude this discussion with a quote from Benjamin Franklin, “If you fail to plan, you are planning to fail”. These and other words of wisdom have continued to guide us through generations about the importance of planning. We all have read about it in some or the other format, and yet failed to really apply it in our life. It's high time that we take steps to implement these and also help our clients with the basic concepts.



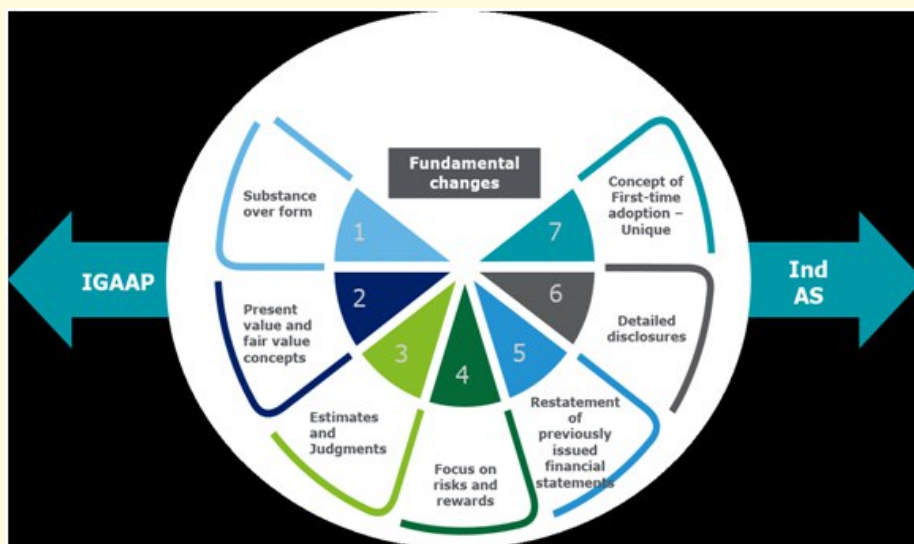


Compiled by:



CA Meghna Vihang Makda

MOVING FROM RULES-BASED TO PRINCIPLES-BASED ENVIRONMENT LITTLE “INDUSTRY-SPECIFIC” GAAP | IMPACT BASED ON THE TYPE OF TRANSACTIONS



Foreword:

From this month we shall begin with analysing the provisions of Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 vide Notification dated 16th February 2015 of the Ministry of Corporate Affairs (MCA).

This series will provide an overview of the accounting and key disclosure requirements prescribed by Schedule III to the Companies Act, 2013, interpretations by ICAI and the relevant clarifications provided by the Ind AS Technical Facilitation Group (ITFG) upto 31st March 2020. It will summarise the significant guidance in each standard, differences between the Act & the standard and the key amendments to the provisions of the 2013 Act notified by the MCA relevant for each standard.

LIST OF IND AS NOTIFIED TILL DATE

Till date, 41 Ind AS have been notified. The same are as under;

1. Ind AS 101 - First-time adoption of Ind AS
2. Ind AS 102 - Share Based payments
3. Ind AS 103 - Business Combinations
4. Ind AS 104 - Insurance Contracts

5. Ind AS 105 - Non-Current Assets Held for Sale and Discontinued Operations
6. Ind AS 106 - Exploration for and Evaluation of Mineral Resources
7. Ind AS 107 - Financial Instruments: Disclosures
8. Ind AS 108 - Operating Segments
9. Ind AS 109 - Financial Instruments
10. Ind AS 110 - Consolidated Financial Statements
11. Ind AS 111 - Joint Arrangements
12. Ind AS 112 - Disclosure of Interests in Other Entities
13. Ind AS 113 - Fair Value Measurement
14. Ind AS 114 - Regulatory Deferral Accounts
15. Ind AS 115 - Revenue from Contracts with Customers
16. Ind AS 1 - Presentation of Financial Statements
17. Ind AS 2 - Inventories
18. Ind AS 7 - Statement of Cash Flows
19. Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
20. Ind AS 10 - Events after Reporting Period
21. Ind AS 11 - Construction Contracts
22. Ind AS 12 - Income Taxes
23. Ind AS 16 - Property, Plant and Equipment
24. Ind AS 17 - Leases
25. Ind AS 18 - Revenue
26. Ind AS 19 - Employee Benefits
27. Ind AS 20 - Accounting for Government Grants and Disclosure of Govt. Assistance
28. Ind AS 21 - The Effects of Changes in Foreign Exchange Rates
29. Ind AS 23 - Borrowing Costs
30. Ind AS 24 - Related Party Disclosures
31. Ind AS 27 - Separate Financial Statements
32. Ind AS 28 - Investments in Associates and Joint Ventures
33. Ind AS 29 - Financial Reporting in Hyper inflationary Economies
34. Ind AS 32 - Financial Instruments: Presentation
35. Ind AS 33 - Earnings per Share
36. Ind AS 34 - Interim Financial Reporting
37. Ind AS 36 - Impairment of Assets
38. Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets
39. Ind AS 38 - Intangible Assets
40. Ind AS 40 - Investment Property
41. Ind AS 41 - Agriculture

Applicability

MCA had notified phase-wise adoption and applicability of the following Ind AS for companies as under:

MCA roadmap to Ind AS for all companies except banks, Non-Banking Financial Company (NBFCs), and insurance companies	
2015-16 Voluntary adoption	<ul style="list-style-type: none"> • Early adoption
2016-17 Phase I	<ul style="list-style-type: none"> • Companies with net worth of Rs.500 crores or more
2017-18 Phase II	<ul style="list-style-type: none"> • All listed companies not covered above • All unlisted companies with net worth of Rs.250 crores or more

MCA roadmap to Ind AS for banks, Non-Banking Financial Company (NBFCs), and insurance companies	
2018-19 Phase I	<ul style="list-style-type: none"> • Scheduled commercial banks, Term-lending refinancing institutions • Insurer/insurance companies • NBFC with net worth of Rs.500 crores or more
2019-20 Phase II	<ul style="list-style-type: none"> • All listed NBFC's (or in the process of listing) and not covered in Phase I above • All unlisted NBFCs with net worth of Rs.250 crores or more but less than 500 crores

- The above road map also applies to the **Holding, subsidiary, joint venture or associate** companies of the listed and unlisted companies covered above.

Ind AS Technical Facilitation Group (ITFG) has provided certain clarifications for the issues raised on the applicability of Ind AS listed as below:

Issue 2:Applicability of Ind AS to a branch of a company incorporated outside India

Q - Will Ind AS be applicable to a Co. incorporated outside India with limited liability, having established a branch office in India with RBI permission to provide consultancy service?

A - Ind AS road map is applicable to a company as defined in section 2(20) of the 2013 Act. Since as per the definition, a branch office of a foreign company does not meet the definition of a company as per 2013 Act, Ind AS is not applicable to a branch of the company not incorporated in India. (Ref – Issue 6 - Bulletin 12 of ITFG).

Issue 3:Applicability of Ind AS to entities in a group

A listed entity (B), was covered under the 2nd phase of the IND AS corporate road map.

- **Company A (unlisted company with net worth less than 250 crore), holding company of B:** Holding, subsidiaries, associate and joint venture companies of the entities covered in the IND AS corporate road map will be covered. Accordingly, Company A will be required to prepare Ind AS financial statements.
- **Company C (unlisted company with net worth less than 250 crore), fellow subsidiary of B (subsidiary of A):**

ITFG noted that the requirement to adopt Ind AS does not extend to fellow subsidiary of a holding company which is required to adopt Ind AS because of its holding company relationship with a subsidiary meeting the net worth / listing criteria. However, company C will be required to furnish Ind AS financial statements for the purpose of A's consolidation. Hence company C may voluntarily opt to prepare Ind AS financial statements for the purpose of statutory reporting.

- **Company D (unlisted company with net worth less than 250 crore), an investor take holds 25% stake in B:**

An investor company does not qualify as holding company of B. Therefore, company D is not required to comply with Ind AS by virtue of company B falling under the threshold of Ind AS applicability. However, for consolidation purpose of company B, company B will have to prepare financials statements in accordance with Companies (Accounting Standard) Rules, 2006 for which company D has to prepare its financials as per these rules. (Ref - Issue 10 – Bulletin 15 ITFG)

Issue 3:Applicability of Ind AS to a group

Q - Parent (ABC Ltd) and its unlisted subsidiary (PQR Ltd - with net worth of INR 50cr) complied with IND AS beginning 1st April 2019 considering the requirements of road map. During financial year 2020-21, ABC Ltd sold off substantially all its investments in PQR Ltd to an unrelated unlisted company, XYZ Ltd. Will PQR Ltd and XYZ Ltd be required to apply Ind AS after its substantial sale of its shareholding?

A - ITGF clarified that PQR Ltd is required to continue preparing financial statements as per Ind AS considering the requirement of Rule 9 of Ind AS Rules which provide that once a company adopts Ind AS either voluntarily or mandatorily, it would be required to continue comply Ind AS for all the subsequent years.

XYZ Ltd is the holding company of PQR Ltd. XYZ Ltd, does not meet the specified criteria (either the net worth or the listing criteria) of the Ind AS road map. Ind AS does not apply to XYZ Ltd simply by the virtue of being PQR's parent. However, it may opt to apply Ind AS voluntarily. (Ref – Issue 6 – Bulletin 19)

FIRST TIME ADOPTION OF IND AS 101

Ind AS 101 applies to the 1st Ind AS compliant financial statements and the interim reports presented under Ind AS 34, 'Interim financial reporting' which are part of that period, prepared by the entity.

This Ind AS establishes two categories of exceptions to the principle that an entity's opening Ind AS BalanceSheet shall comply with each Ind AS:

1. Paragraphs 14–17 and Appendix B prohibit retrospective application of some aspects of other Ind ASs.
2. Appendices C–D grant exemptions from some requirements of other Ind AS

Comparative Information

Entity's 1st Ind AS financial statement should include:

- a) Three balance sheets (including an opening balance sheet
- b) Two statements of profit and loss
- c) Two statements of cash flows
- d) Two statements of changes in equity and
- e) Related notes for all statements presented

Explanation of Transition to Ind AS

Detailed disclosure on how the transition from GAAP to Ind AS on the first time adoption of Ind AS needs to be provided. An opening balance sheet is prepared at the date of transition along with one year of comparatives presented on the basis of Ind AS.

Reconciliations

To comply with the need for furnishing an Explanation of transition to Ind AS, an entity's first Ind AS financial statements shall include:

1. The reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS,
2. A reconciliation to its total comprehensive income in accordance with Ind ASs for the latest period in the entity's most recent annual financial statements, and
3. If the entity recognised or reversed any impairment losses for the first time in preparing its opening Ind AS Balance Sheet, the disclosures that Ind AS 36, Impairment of Assets, would have required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to Ind AS.

On 30 March 2019, MCA notified Appendix C to Ind AS 12, providing clarification on the **accounting of income taxes in case of uncertainty over a certain income tax treatment**. The amendment to Ind AS 101, clarifies that when the date of transition to Ind AS is before the date of notification of Appendix C, then the first time adopter of Ind AS may elect to recognise the cumulative effect of applying Appendix C as an adjustment to the opening balance of retained earnings at the beginning of the Ind AS reporting period.

Accounting Policies

The accounting policies adopted under GAAP should be consistent at the time of adoption of Ind AS. Unless there is any adjustments made retrospectively to the retained earnings that arise from events and transactions as a result of difference between the GAAP and Ind AS. However, there are a number of optional exemptions and mandatory exceptions to the requirement of retrospective application.

The optional exemptions relate to the following:

- Share-based payment transactions
- Insurance contracts
- Deemed cost
- Leases
- Cumulative translation differences
- Investment in subsidiaries, joint ventures and associates
- Assets and liabilities of subsidiaries, joint ventures and associates
- Compound financial instruments
- Designation of previously recognised financial instruments
- Fair value measurement of financial assets or financial liabilities at initial recognition
- Decommissioning liabilities included in the cost of property, plant and equipment
- Financial assets or intangible asset accounted for in accordance with service concession arrangement
- Borrowing costs
- Extinguishing financial liabilities with equity instruments
- Severe hyperinflation
- Joint arrangements
- Stripping costs in the production phase of a surface mine
- Designation of contracts to buy or sell a non-financial item
- Revenue from contracts with customers (Ind AS 115)
- Non-current assets held for sale and discontinued operations

Further, there are mandatory exceptions in applying the Ind AS requirements as summarised below:

- De-recognition of financial assets and liabilities
- Hedge accounting
- Non-controlling interests
- Classification and measurement of financial assets
- Impairment of financial assets
- Embedded derivatives
- Government loans
- Estimates

Significant carve – outs from IFRS

India has chosen a path of International Financial Reporting Standards (IFRS) convergence rather than adoption. Hence, Ind AS are primarily based on the IFRS issued by the International Accounting Standards Board (IASB). However, there are certain carve-outs from the IFRS.

a) Presentation of comparatives in the First-time Adoption of Indian Accounting Standards (Ind AS) 101 (Corresponding to IFRS 1)

IFRS 1 defines transitional date as beginning of the earliest period for which an entity presents full comparative information under IFRS. It is this date which is the starting point for IFRS and it is on this date the cumulative impact of transition is recorded based on assessment of conditions at that date by applying the standards retrospectively except to the extent specifically provided in this standard as optional exemptions and mandatory exceptions. Accordingly, the comparatives, i.e., the previous year figures are also presented in the first financial statements prepared under IFRS on the basis of IFRS.

Carve Out

Ind AS 101, requires an entity to provide comparatives as per the existing notified Accounting Standards. It is provided that, in addition to aforesaid comparatives, an entity may also provide comparatives as per Ind AS on a memorandum basis.

b) Presentation of Reconciliation

IFRS 1 requires reconciliations for opening equity, total comprehensive income, cash flow statement and closing equity for the comparative period to explain the transition to IFRS from previous GAAP.

Carve Out

Ind AS 101 provides an option to provide a comparative financial statement on memorandum basis. Where the entities do not exercise this option and, therefore, do not provide comparatives, they need not provide reconciliation for total comprehensive income, cash flow statement and closing equity in the first year of transition but are expected to disclose significant differences pertaining to total comprehensive income. Entities that provide comparatives would have to provide reconciliations which are similar to IFRS.

c) Cost of Non-current Assets Held for Sale and Discontinued Operations on the date of Transition on First-time Adoption of Indian Accounting Standards (Ind AS)

Carve Out

Ind AS 101 provides transitional relief that while applying Ind AS 105 - Non-current Assets Held for Sale and Discontinued Operations, an entity may use the transitional date circumstances to measure such assets or operations at the lower of carrying value and fair value less cost to sell.

d) Foreign Currency Gains/Losses on Translation of Long Term Monetary Items

Carve out

Ind AS 101 provides that on the date of transition, if there are long-term monetary assets or long-term monetary liabilities mentioned in Ind AS 21, an entity may exercise the option mentioned regarding spreading over the unrealised Gains/Losses over the life of Assets/Liabilities either retrospectively or prospectively. If this option is exercised prospectively, the accumulated exchange differences in respect of those items are deemed to be zero on the date of transition.

e) Financial Instruments Existing on Transition Date

Carve out

Ind AS 101 provides that the financial instruments carried at amortised cost should be measured in accordance with Ind AS 39 from the date of recognition of financial instruments unless it is impracticable

(as defined in Ind AS 8) for an entity to apply retrospectively the effective interest method or the impairment requirements of Ind AS 39. If it is impracticable to do so then the fair value of the financial asset at the date of transition to Ind-ASs shall be the new amortised cost of that financial asset at the date of transition to Ind ASs. Ind AS 101 provides another exemption that financial instruments measured at fair value shall be measured at fair value as on the date of transition to Ind AS.

f) Definition of Previous GAAP Under Ind AS 101 First time Adoption of Indian Accounting Standards

IFRS 1 defines previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting IFRS.

Carve out

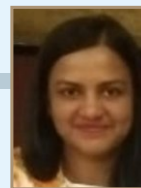
Ind AS 101 defines previous GAAP as the basis of accounting that a first-time adopter used immediately before adopting Ind ASs for its reporting requirements in India. For instance, for companies preparing their financial statements in accordance with the existing Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 shall consider those financial statements as previous GAAP financial statements. g) Cost of Property, Plant and Equipment (PPE), Intangible Assets, Investment Property, on the Date of Transition of First-time Adoption of Indian Accounting Standards Ind AS 101 provides an entity an option to use carrying values of all assets as on the date of transition in accordance with previous GAAP as an acceptable starting point under Ind AS.

To conclude, first time adopter is an entity that presents its 1st Ind AS financial statements. ITFG has provided clarification on specific issues which will be covered with the specific Ind AS in the following months. Comparative information is prepared and presented on the basis of Ind AS. Almost all adjustments arising from the first-time application of Ind AS are adjusted against opening retained earnings (or, if appropriate, another category of equity) of the first period that is presented on an Ind AS basis. Disclosures of certain reconciliations from Indian GAAP to Ind AS are required. Next month, we shall cover further Ind AS.





Compiled by:



CA Maitri Paras Savla

FUTURE OF WORK – ARTIFICIAL INTELLIGENCE AND ITS APPLICATION IN ACCOUNTS AND TAXATION

The emergence of digital technologies and Artificial Intelligence (AI) is progressing at an ever-increasing fast rate and is transforming a wide variety of industries. We are experiencing rapid technological changes that are affecting all areas of work and life –and its impact spills over to ancillary areas such as Finance and Tax with increasing use of emerging technologies such as Artificial Intelligence (AI) and Machine Learning (ML), blockchain, Big Data Analytics, Internet of things (IoT) and 3D printing etc. These technologies are used to drive innovation, develop new business models, products, and enhance the data and analysis needed to enable insightful decision making and overall change the way we do things.

What distinguishes AI from other emerging technologies?

AI is the ability of a machine to perceive its environment and perform tasks that normally require human intelligence, that is the ability to sense, think, and act in ways that can match or outperform human capability.

SENSE

AI can

- **See**–Face Recognition in current mobile Phones, Google Lens, QR Code Scanners etc
- **Hear** – Voice Recognition, Alexa, SIRI, Google Assistant
- **Speak**–Replies from Google Maps, Alexa, SIRI etc, Natural Language Processing
- **Smell** - As recently as 2020, a new AI algorithm has been invented which can detect atleast 10 different smells and is planned to be used in robots that can smell chemical weapons, manufacturing of chemicals which is hazardous to human health
- **Feel**–Fingerprint Recognition
- **Understand gestures**–Mobiles screen on when picked up, shaken etc, Virtual Reality Games being played on Gaming stations etc. The BMW 7 Series has a built-in Hand Gesture Recognition system that recognizes five gestures and can control music and incoming calls, among other things.
- **Interface with your brain and Body** – Wearable Technology

THINK

AI can help make better decisions –and does it faster, better, more cheaply, and more accurately.

Knowledge and representation– Knowledge representation (KR) is the part of Artificial intelligence that is concerned with AI objects to enable thinking and how thinking contributes to intelligent behaviour machines. It is responsible for representing information about the real world in a way that a computer can understand and utilize it to solve complex real-life problems such as diagnosis of a medical condition based on symptoms provided or collected via Machine Vision or sensors or communicating with humans in natural

language. Knowledge representation in AI is not just about storing data into some database, but it is also about enabling an intelligent machine to learn from that knowledge and experiences so that it can behave intelligently like a human.

The different kind of knowledge that needs to be represented in AI is

- **Object:** All the facts about objects in our world domain. E.g., Ball is round, Water is wet etc
- **Events:** Events are the actions that occur in our world. E.g. It is raining, running a marathon etc
- **Performance:** It describes behaviour that involves knowledge about how to do things.
- **Meta-knowledge:** It is knowledge about what we know.
- **Facts:** Facts are the truths about the real world and what we represent.
- **Knowledge-Base:** A knowledge base is a published collection of documentation that typically includes answers to frequently asked questions, how-to guides, and troubleshooting instructions. Its purpose is to make it easy for machines to find solutions to problems based on case-based reasoning.

Planning and reasoning - Planning is a critical part of Artificial Intelligence that deals with the actions and domains of a particular problem. Planning, which is considered as the reasoning side of acting, involves the representation of actions and world models, reasoning about the effects of actions, and techniques for efficiently searching the space of possible plans that form part of the knowledge base. So basically it is all about deciding the actions to be performed by the Artificial Intelligence system and the functioning of the system on its own in domain-independent situations. The planning system needs the domain description, action specification, and goal description. An executable plan is a sequence of actions and each action has its own set of preconditions to be satisfied before performing the action.

Machine learning - Machine learning is part of AI that enables systems to automatically learn and improve from experience without specific detailed programming. It focuses on the development of systems that can access data and auto-learn. The learning process begins with observations of data, such as instances, direct experience, or instructions, identifying patterns in data and make better decisions in the future based on the examples and inferences that are provided.

Some day-to-day examples of machine learning are:

1. **Virtual Personal Assistants** like SIRI, Google Assistant or Alexa: Machine learning is an important part of these personal assistants as they collect and refine the information based on your previous involvement with them. This set of data is then utilized to display results that are tailored to your preferences. Eg. If you have booked a flight and have received tickets on your Gmail account, it automatically sets up a reminder when your date of travel is near.
2. **Google Map Predictions:** When using GPS navigation services like Google Maps, we are shown the best possible route and approximate expected timing of arrival. How this works is that our current locations and speeds are being relayed to a central server for managing traffic. This data is used to build a map of the current traffic. This helps in preventing traffic and does congestion analysis based on the number of vehicles in the area using Google Maps. Machine learning in such scenarios helps to estimate the regions where congestion can be found based on daily experiences or the number of vehicles in the same area extrapolated with traffic servers.
3. **Estimation of Cab Fare and Surge Price** - When booking a cab, the app estimates the price of the ride and minimize the detours using machine learning. The Apps like UBER and OLA or even Delivery Apps like Zomato and Swiggy use ML to define price surge hours by predicting the rider demand.

4. Social Media - From personalizing your news feed to better ads targeting, social media platforms are utilizing machine learning for their own and user benefits. The magic factor that makes us addicted to our social media accounts without realizing that these wonderful features are nothing but the applications of ML. Features like: People you may know, Face Recognition, Suggested Posts etc are the result of continuous learning on part of Social Media's Machine learning algorithms. Overall backend process is complicated and takes care of the precision factor but on the front end, it looks to be a simple application of ML.

Deep learning—On a very basic level, Deep learning and Machine Learning are similar. They function similarly for a lay-person, however, the main technical difference is that deep learning goes deeper and mimics the workings of the human brain in processing data like recognizing speech including voice modulation, and speech patterns, accurately detecting objects – location, placement, shape size etc, translating languages, and making decisions based on data collected. Deep learning AI can learn without human supervision, drawing from both unstructured and unlabelled data. Deep learning is a subset of the machine learning functionality which is based on the concept of evolutionary algorithms. It mimics biological processes like evolution and takes longer to establish as it uses neural networks.

Simulation and digital twins - In the computing world, simulations refer to digital models that imitate the operations or processes within a system. Such simulations are used for analyzing the performances of systems and the testing and implementation of new ideas. Simulations are used by engineers and technicians across industries to test products, systems, processes, and concepts. Eg. Air Flight simulations, Space Simulations for testing of models of rockets etc.

A digital twin is a digital representation of a physical object, process or service. A digital twin can be a digital replica of an object in the physical world, such as a jet engine, or even larger items such as buildings or even whole cities. We have seen this type of technology shown in futuristic sci-fi movies. In reality, technology is usually used to replicate processes to collect data to predict how they will perform. A digital twin is, in essence, a computer program that uses real-world data to create simulations that can predict how a product or process will perform. This futuristic technology is a confluence of various other technologies like AI, ML, Internet of Things and Big Data Analytics.

ACT

AI is equaling or surpassing humans in all sorts of tasks -playing games, driving cars, and making recommendations and process Intelligent automation which is a result of the combination of AI, ML, and Robotic Process Automation (RPA) that is used to create smart business processes and workflows that think, learn, and adapt on their own.

Implications of AI in Accounts and Taxation

Globally, countries are leveraging the benefits of AI and robotics in many fields like healthcare services, transportation, defence, and national security. Back home, in India, Government is rapidly accepting the use of AI, which is opening up new opportunities for innovation in government services, like taxation. Tax is a major source of revenue for the government and it is always looking at ways to collect taxes from citizens in a shorter time and reducing the number of tax defaulters and increase the effectiveness and efficiency of tax collection.

The government is currently leveraging robotics and AI in taxation to prevent tax default and regulate taxpayers and identify defaulters who are paying less tax or not paying tax at all, by analyzing and monitoring

the financial data of citizen over various data points. AI makes possible facilities like automated tax filing (pre-filled utilities on the Income-tax website) and can also help educate taxpayers to comply with tax filing. There are many different areas of taxation where robotics and AI can be implemented. We as tax professionals have over the past few years seen government build up a technologically powerful solution within the Taxation system of India. In Income tax – E-Filing, Automated Initial processing of Returns filed, Instant defects finding in returns that are filed, Instant matching up of TDS records with Returns filed etc are examples of AI set up within Income tax. In GST, automated GSTR3B data based on GSTR1, E-way bills and Inputs from Central Excise systems, tracking of goods movement with E-way bills etc are examples of AI. We are now seeing linking of GST, Income Tax, Professional Tax, ROF and ROC databases and we receive inter-linked notices for matching and correlation of records. This, my dear professional friends, is an example of our government setting up an AI-based system that is keeping track and filing up all loopholes within the taxation system.

Leveraging AI for Accounts and Taxation

Much has been said about how AI can be used in business; however, what are the actual accounts and tax activities that AI can facilitate?

Sensing

Natural language processing: Understanding the meaning of the written text.

- Tax data extraction
Audio and speech: Understanding the meaning of spoken words. The machines default language is Binary ie. 0 and 1. So understanding natural language, though seems normal, is a huge leap.
- Voice to text translation
Machine vision: Recognizing the patterns, features and phrases in scanned documents. This capability can be used to digitize materials including taxforms, notes, and contracts.
- Scanned tax form data extraction

Thinking

Machine learning: Applying ML and deep learning methods to automatically identify patterns in data. These patterns can be used for accurate predictions.

- Trial balance and Ledger account classification
- Predictive models for planning and forecasting
- Determining the tax implications of transactions
- Scanned tax form data extraction

Acting

Robotic Process Automation (RPA): The simplest form of AI, mimicking human actions by executing pre-programmed rules on mostly structured data.

- Performing structured tax, accounting, and compliance activities
- Automating Extracting of details bank statements and direct posting to Accounting System.
Cognitive automation: Making inferences based on information contained in unstructured data.
- Making determinations such as levels of risk

- Identifying irregular entries based on past entries.
Deep Learning: Answering specific questions by searching a large database of compiled information.
- Research and data gathering/documentation
- Intuitive Real-time Dashboards and reports

Practical Use Cases in Accounts and Taxation

AI-enabled systems are well suited for performing in-depth data analysis. With the help of previous tax documentations for learning and predictive analysis, AI systems can get a thorough knowledge of taxes and can stay on top of regular changes thus making it far easier for tax practitioners to identify areas to save time and money. Some of the practical uses for AI in Accounts and Taxation are :

1. Automating repetitive processes or Robotic Process Automation (RPA)

One of the most basic and yet most useful applications of AI in process automation. The time-consuming tasks that comprise a Chartered Accountants typical workday are majorly repetitive processes which include Accounting, Data entry, processing documents, reporting, and others. Deploying AI-enabled systems to automate repetitive tasks would help tax professionals in performing repetitive procedures and allow them to focus on more intellectually challenging tasks.

For instance, AI-enabled Systems can be used to identify relevant fields and fill details onto spreadsheets, for financial closeouts and reporting, etc

2. Extracting key data from tax documents

Any typical task starts without team having to classify documents, find the source of the documents that come in, and define what useful information is there in the documents and extract the same. Then we process and analyse the information and come up with relevant reports, computations or submissions. AI can accelerate the processes by classifying documents, defining the taxonomy of documents, and extracting the required data from these documents and processing the same in a much better and efficient manner. ML algorithms can help AI-enabled systems to easily detect the capital gains and Chapter VI Deductions for an Assessee, handle assessment notices and other matters that can be used to classify documents. Key data like the account number, number of payments on the tax bill, discount on the tax bill, and other data can be extracted effortlessly and with accuracy by AI-enabled systems. The accurate key data can then help for easy tax payment and filing tax returns.

3. Identifying evasion and frauds

Frauds and Evasions have become a bane for our economy, especially our profession. We as professionals are being targeted and held responsible for deeply embedded evasions and frauds that occur within a company and are somethings impossible to be detected at a human level. Auditors try to identify fraud in the Financial system of Assesseees. Finding specific information from huge piles of documents can be like finding a needle in a haystack for auditors. With the help of ML algorithms, AI-enabled systems can be created that can sense erroneous or fraudulent entries in large datasets. Using predictive analytics, AI can help to fight against tax evasion and other frauds. From the revenue authority point of view, AI can detect fraud based on many aspects like matching the source of income vs spending and asset owning, correlation of various documents, forecasts and projected financial data filed with various financial institutions, regulating authorities with tax data, etc.

4. Scanning Notices

Receipt of Assessment and scrutiny Notices from various departments and revenue authorities for multiple assessment years is always part of our work as tax professionals. Gathering information, evidences and documents from various sources is a time-consuming process. With the help of optical character recognition

(OCR) and AI, documents from various sources can be accessed from anywhere, even by a smartphone. OCR and AI can together help in searching within a complex document faster, also documents can be scanned and uploaded to a database for later retrieval. Searching a database to find a document is much simpler than finding the physical form of a document as a digital search will also be made with keywords that are within the documents.

5. Processing of Tax Notices

Tax notices are an unstructured data problem. Almost no two notices follow a similar structure or language. AI can be leveraged to extract key terms from this unstructured data in various tax notices to automate tracking and preparation of responses. Data annotation and classification is the first step to help the machine understand what key terms are to be extracted from tax notices. OCR and AI along with Natural language processing and machine vision, help with converting scanned tax notice images to text understanding the text and extracting specific data and phrases.

6. Forecasting the burden of tax

AI systems can make tax forecasting more accurate with predictive analysis. Algorithms can be programmed to detect sales trends on an annual, monthly, or even more frequent basis. AI-enabled systems can also use weather patterns to determine how sales in a particular region can be affected by climate change. Thereby, it can also determine how the impact on sales would affect the tax burdens.

The use of AI has already hit the complex world of taxation. The applications of robotics and AI in taxation can help reduce the workforce and burden on humans. It will also certainly pace up the lengthy procedures of taxation and benefit the tax sector in general. We saw how the government is implementing AI in the field of revenue collection however, the concrete implementation of AI applications for Industry at large is still in its infancy. In our profession, we are still taking up technology and just now learning to use licensed software, adapting to the cloud and digitising and making our offices paperless. AI implementation, though necessary, is still a long way to go.

Another hurdle for the Tax professional is figuring out how these emerging technologies can solve existing challenges. It is important to understand the power of these new tools and how they can deliver a good return on investment. Do an audit and find out how AI-ready your firm is!

Because The future is now.

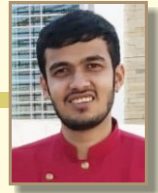




CURRENTIST

AMAZING AMAZON

Compiled by:



CA Henik Dilip Shah

(This is based on a special report published by Reuters on Amazon's strategies to allegedly dodge Indian regulators)^[1]

Reuters report's background

Reuters gained access to multiple sensitive documents of the company dated from 2012 to 2019. This included drafts of meeting notes, PowerPoint slides, business reports and emails. The prominent amongst the documents was the early 2019 (before general elections in India) meeting notes of a top Amazon executive with the Indian ambassador at Washington DC, USA. This report was published on 17th February, 2021.

Amazon's Indian journey^[2]

- June 2013: Amazon goes live with its India marketplace.
- February 2016: Amazon launches its two-hour grocery delivery service, Amazon Now, in India. This was later rebranded as Prime Now in May 2018 and Amazon Fresh in August 2019.
- July 2016: Amazon launches its Prime membership programme in India.
- December 2016: Amazon launches Pay Balance, its payments service in India. Amazon Prime Video makes its India debut.
- March 2018: Amazon Prime Music is launched in India.
- April 2021: Amazon claims that it has created over a million jobs since start of Indian operations.

Cloud tail & Appario

Globally about 58% of Amazon sales of physical goods are from third-party merchants; the rest 42% are direct sales by Amazon to consumers, the company has disclosed.



The ability to sell straight to people has big benefits. It means Amazon can deal directly with manufacturers, giving it greater control over the product range, availability, pricing, etc. In India, regulations didn't allow direct sales to customers by a foreign e-commerce platform/ marketplace. There need to be a seller separate from the marketplace. It is this barrier, Amazon was trying to overcome in India.

To deal with the restrictions on direct sales, Amazon found an indirect way of reaching consumers and boosting sales quickly. It entered into a joint venture with an entity formed by one of India's most famous IT geniuses, N.R. Narayana Murthy, founder of software services giant Infosys Ltd. The venture was used to create a seller named Cloudtail, which began offering goods on Amazon.in. It was set up in August 2014. About two months after Cloudtail's launch in August 2014, Jeff Bezos, founder of Amazon met Honourable PM Modi in New Delhi. A draft document containing talking points was prepared for the 3rd October 2014 meeting. It had no mention of Cloudtail or its plans (obviously). In fact the key objective of the meeting, according to the document, was to discuss barriers to foreign investment in the e-commerce sector.

For FY 2015-16, Cloudfair's revenue was approximately INR 4,600 crores. In March 2016, its share of sales on Amazon.in was around 47%. It is in this month that the Indian government allowed 100% foreign direct investment in online retail of goods and services under the marketplace model but prohibited marketplaces from having one dominant seller. The new rules banned marketplaces from affecting product prices, thereby effectively outlawing deep discounts and capping share of total sales from one vendor to the marketplace at 25%.^[3]

Following the rule change, Amazon lowered the fees it charged some big sellers on its platform to enable them to offer more competitive prices. "We adjusted our business model by activating a fee incentive program (Platinum Seller Program or PSP) to provide discounted fees to a subset of large managed sellers (Platinum Sellers) to help them match prices of e-commerce rivals", said a global regulatory update document, as mentioned in the Reuters report. In addressing the 25%-of-sales cap on a single seller, Amazon also proposed having a second special merchant, in addition to Cloudfair.

In 2017, a new special merchant named Appario was created. This time, Amazon entered into another joint venture, with an entity backed by the family of Ashok Patni, another pioneer in the Indian IT outsourcing sector. One internal Amazon document stated that the two special merchants get "subsidized fees" and access to Amazon global retail tools. These tools are used for things like inventory and invoice management.

By 2018, these two accounted for around 35% of total sales on Amazon.in.

Lobbying?

In December 2018, the Indian government announced new restrictions that prohibited vendors in which marketplaces such as Amazon have an equity interest from selling products on these marketplaces. The aim, government officials told Reuters at the time, was (again) to deter deep discounting by big online retailers. Remember again, general elections were due in mid-2019. The regulatory change was widely seen as a move by Honourable PM Modi to pacify small traders, a critical part of his party's electoral base.

It was this change to the foreign investment rules that the top Amazon executive Jay Carney wanted to discuss in the early 2019 meeting with the Indian ambassador to the USA at the time, Harsh Vardhan Shringla, at Washington DC (as mentioned earlier in this article).

Before the meeting, Amazon employees prepared a draft note for Carney.

The note, reviewed by Reuters, advised Carney what to say and what not to say. Carney was advised to highlight the fact that Amazon had committed more than \$5.5 billion in investment in India and how it provided an online platform for 4 lakh plus Indian sellers (Early 2021 seller count is of around 7 lakh). But he was cautioned not to divulge that some thirty three Amazon sellers (Platinum sellers other than Cloudfair and Appario) accounted for about a third of the value of all goods sold on the company's website. That information, the note advised, was "Sensitive/not for disclosure."

It didn't seem like Carney's meeting had any positive impact. The new limits forced Amazon to restructure its



relationships with Cloudtail and Appario, the two special merchants in which it held indirect stakes. In the early hours of 1st February, 2019, thousands of products being sold by Cloudtail and Appario vanished from Amazon's website in compliance with the deadline for the new rules. But days later, the products were back as Amazon reduced its equity stake in the parent companies of the two sellers. This manoeuvre, the company believed, made it compliant with the new rules, according to an internal document from 2019.

At that time, the four lakh Indian sellers (as per Carney's draft note) accounted for around 32% of sales, thirty three sellers accounted for 33% of sales and two sellers accounted for 35% of sales. In other words, small and medium enterprises which form the 99.99% of sellers on Amazon.in sold products only worth 32% of total sales by value on the e-commerce platform.

Continuing challenges

In June 2019, Commerce Minister Piyush Goyal dressed down e-commerce executives, including Amazon's India country head Amit Agarwal, telling them in a meeting that they must comply with the new rules. Goyal was blunt, said one executive who was present there. "We will not let e-commerce impact small shopkeepers... I know there have been many issues of non-compliance," the executive said, summarizing Goyal's remarks. "So think about it, set it right. If you don't, we will make things public, it will be put in the public domain and you will be embarrassed."

Then came the news of the antitrust probe into Amazon and Flipkart in January 2020, the same month Bezos was making another trip to India for 'Smbhav' (Hindi word for 'possible') summit, held for the first time. Traders staged small street protests, holding up placards with a red "X" emblazoned on a picture of the Amazon CEO's face and the words, "Jeff Bezos Go Back!" Commerce Minister Goyal diminished the company's announcement of a further \$1 billion of investment in India. "It's not as if they are doing a great favour to India," he said.



There was another salvo in August 2020, a group of more than 2,000 online sellers filed an antitrust case against Amazon and Cloudtail, alleging Amazon favours some retailers whose online discounts drive other vendors out of business. Amazon and Cloudtail have both said they comply with all laws; the Competition Commission of India decided to order an investigation into the matter. Separately, Amazon is under investigation by India's Enforcement Directorate, the federal financial crime-fighting agency, which has been investigating the company for possible violation of foreign investment rules.

Damage control

Amazon held a Smbhav summit back in 2020 and the second edition was held in April 2021, after the news of the alleged dodging of Indian regulations. The second wave of the ravaging pandemic caused the summit to be held virtually. Government ministers like Nitin Gadkari (Road transport & MSME), Prakash Javadekar (I&B, PSU), Mahendra Nath Pandey (Skill Development) and Jitendra Singh (PM office) were present as speakers. ^[4]

Amazon also came out with other initiatives like 'Saathi', a peer mentorship programme that will help sellers to exchange knowledge and share best practices.

Why does it matter?

Reuters interviewed Narendra Gada, erstwhile owner of a mobile shop in Colaba. In 2013, he said, his business was doing well. It enabled the 44-year-old to support his family of three, selling around 20 phones a day at his store. His monthly sales, he said, were around INR 1 crore. Everything changed in 2015 with the expansion of online sales of smartphones, he said. He couldn't compete with the exclusive launch of smartphone models online or the discounts being offered, he said.



By 2016, his sales had dropped by around 40%. Customers would come to his shop to try smartphones, ask for the WiFi password and then go online to buy the model they'd just sampled, he said. In 2018, Gada began selling at lower margins and on credit to keep sales alive. Late last year, he shut the shop he'd started in 1998. The final straw was the pandemic-induced lockdown, but he said it was the advent of online sales that killed his business.

This must have rendered his employees jobless and loss of a good client for his tax consultant.

Amazon on the other hand, claimed in its Small-Midsize Business (SMB) Impact report 2020 that 4,152 Indian sellers (only) surpassed INR 1 crore sales annually.^[5] (Number of businesses in any prominent locality of Mumbai would be more than that 4,152)

Point to ponder:

Even our clients can find themselves in a situation like Narendra Gada. Can they face Amazon directly or they'd need extensive government support? Knowing how 'amazing' Amazon is, can we make our clients 'amazing'? What will it take?

Think over it. Think different!**References:**

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Compiled by:



CA Meet Rameshchandra Gada

TALENT IS OVERRATED - BY: GEOFF COLVIN

Jerry Rice was the best wide receiver the football world had ever seen. Mozart was a child prodigy whose music sounded like it came directly from the mind of God. And Chris Rock is a comedic genius, and his ability to work a crowd of thousands into side-splitting laughter is without equal.

What do all of them have in common?

Natural ability is the most obvious answer. How else could these people be so much better than everybody else? This answer also has the added benefit of making us feel better about our own average skill level. If some people are “just born with it”, we are excused from putting in the herculean effort required to be truly great.

The true answer is what each of them have in common was their fanatic devotion to something the author would call “deliberate practice.”

Deliberate practice is hard work - the 10,000-Hour rule

As it turns out, all three of those extremely talented performers put in an insane amount of work to get to where they are. For instance:

Jerry Rice was famous for off-season workouts that would make other NFL players beg for mercy.

The myth of Mozart hearing his pieces complete in his head and then simply transcribing them was just that - a myth. He wrote music like mere mortals do - constantly revising and reworking his compositions until he had them just the way he wanted them.

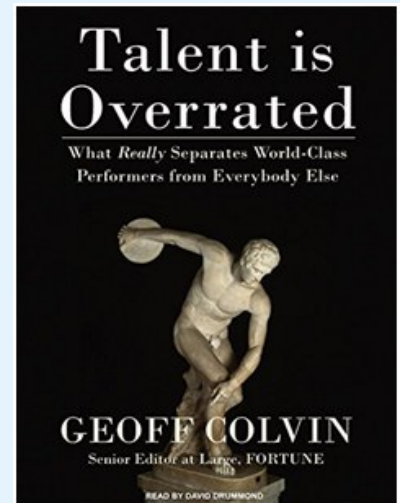
Before doing any big shows, Chris Rock would book many smaller shows in clubs without giving advance warning of his performance, testing out material until he knew he had enough to fill a full set.

Almost anybody who has achieved greatness in a field worth achieving it in has put in their time. But contrary to popular belief, simply putting in the 10,000 hours that was made famous by Malcolm Gladwell in his book *Outliers* isn't enough to become great.

5 Steps to Achieving Greatness

Deliberate practice stands out from “regular” practice in a few very important ways. It doesn't matter what you are setting out to achieve, if your practice doesn't have the following elements, your chances of ever achieving greatness is slim to none.

Now that we have the depressing part out of the way, let's take a look at each element of deliberate practice turn.



1. Deliberate practice is designed specifically to improve performance, often with a teacher's help.

The first step in deliberate practice is to identify elements of performance that need to be improved, and work on them diligently.

Golf is a great example, because most amateur golfers would give up almost anything to shave a stroke or two off their game, but for the most part are clueless on how to go about it.

When most people practice golf, they will go to the driving range, get a bucket of balls, and then proceed to hit every single ball without a real purpose.

The better way to do it would be to first understand what part of your game you need to improve. For my golf game, it's hitting the fairway off the tee. I didn't know this until I started tracking how many times I actually hit the fairway, and how many times I didn't.

So, that's a specific element of performance that needs to be improved, and I've set about getting instruction on how to improve it.

2. Deliberate practice is an activity that can be repeated a lot.

This is the part where the 10,000-hour rule comes in. You need to get your reps in.

Moe Norman was a Canadian golfer who never rose to prominence on the PGA tour because, well, he was a little bit quirky. Ok, he was a lot quirky. He was never as interested in winning tournaments as he was about striking the ball well - every single time.

From age sixteen to age thirty-two, he hit 800 balls a day, five days per week. Over his lifetime he claims to have hit over four million balls. He became so accurate over time that if he hit ten shots in a row, all ten of them would come to rest within an area no bigger than a beach towel.

Anybody who has ever picked up and swung a golf club would tell you that it's not possible. Except, of course, for somebody who had hit four million golf balls over a lifetime.

3. Allows for continuously available results.

As Steve Kerr, who was at one time the Chief Learning Officer at Goldman Sachs, once said:

Practicing without feedback is like bowling through a curtain that hangs down to knee level. You can work on technique all you like, but if you can't see the effects, two things will happen: You won't get any better, and you'll stop caring.

Again, most things that can be practiced can be done without paying attention to the results. You could easily go to the driving range, hit 100 balls, and have no idea whether or not you practiced extremely well, or extremely poorly.

By changing your approach a little bit, and by aiming at the yardage markers on the range, you can very quickly figure out how well you are doing.

Tiger Woods was famous for never hitting a shot on the practice range without having a purpose. He was always trying to accomplish something with his shot so that he could determine whether or not he executed it properly.

4. Is highly demanding mentally

This one comes as a surprise for most people, but even when attempting to become great at a physical activity or sport, the chief constraint is mental.

It's quite easily mentally to go to the golf range and hit 100 balls without a real purpose. But the very first time you try and make your practice deliberate, you'll walk away from the experience drained. The difference is in the concentration required with deliberate practice.

In fact, in most fields the most anybody can sustain deliberate practice is five hours a day. Any more and your mind will simply check out.

5. Isn't much fun.

Deliberate practice isn't inherently enjoyable. For professional golfers, practicing putts from five feet or less over and over again isn't fun. Shooting free throws for basketball players? Not fun. Practicing scales for musicians? Nope, not fun.

This is a double-edged sword. On the one hand, it sucks that in order to become great you need to spend so much time on an activity that isn't inherently enjoyable. On the other hand, it's great because it means that the number of people who are going to put in the same quality and quantity of practice as you are few and far between.

As Angela Duckworth described in a TED talk that now has over six million views, "grit" is a better indicator of success than other factors that people typically assign to successful people.

The billion-dollar question

So, the question isn't really whether or not you have the ability to become great at your chosen field. The question, instead, is whether or not you have the desire and stick-to-itiveness to get there?

For most people it comes down what other things they are willing to sacrifice in their life to become great. Sometimes we don't have to look too hard, either. Maybe you could cut out some of the time you spend on Facebook or television. Maybe you could cut out the mindless gossip you engage in at the office.

The point is this: greatness is a choice and a commitment.

So, are you going to make the choice to be great?



BRIEF UPDATE ON SEBI AND CORPORATE LAW



CA IP Neha Rajen Gada



CA IP Rajen Hemchand Gada

SEBI

A. REGULATIONS

1. Securities and Exchange Board of India (Portfolio Managers)(Second Amendment) Regulations, 2021

[Issued by the Securities and Exchange Board of India vide Notification No. SEBI/LAD-NRO/GN/2021/16 dated April 26, 2021]

Portfolio Managers, while undertaking the process of change in control, will now be required to obtain prior approval from SEBI in prescribed format.

2. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2021

[Issued by the Securities and Exchange Board of India vide Notification No. SEBI/LAD-NRO/GN/2021/19 dated May 05, 2021]

The reference to 'Institutional Trading Platform' has been amended to 'Innovators Growth Platform' ('IGP'). Further, the takeover limit of 25% have been relaxed to 49% in case of securities listed on IGP. The continual disclosure limit is also relaxed to 10% instead of 5%.

3. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2021

[Issued by the Securities and Exchange Board of India vide Notification No. SEBI/LAD-NRO/GN/2021/18 dated May 05, 2021]

References of 'Institutional Trading Platform'

have been amended to 'Innovators Growth Platform' ('IGP'). Further, reference to 'Accredited Investors' has been replaced with 'Innovators Growth Platform Investors' ('IGPI'). Also, SEBI has made certain listing related amendments regarding IGP.

4. Securities and Exchange Board of India (Intermediaries) (Second Amendment) Regulations, 2021

[Issued by the Securities and Exchange Board of India vide Notification No. SEBI/LAD-NRO/GN/2021/20 dated May 05, 2021]

SEBI has introduced new regulation 30A in relation 'Special procedure for action on expulsion from membership of the stock exchange(s) or clearing corporation(s) or termination of all the depository participant agreements with depository(ies)'. The regulation is a 1st step towards faceless proceedings. The highlight of this procedure is that no opportunity of personal hearing shall be granted while disposing of the proceedings under this regulation.

5. Securities and Exchange Board of India (Payment of Fees and Mode of Payment) (Amendment) Regulations, 2021

[Issued by the Securities and Exchange Board of India vide Notification No. SEBI/LAD-NRO/GN/2021/23 dated May 05, 2021]

SEBI has directed various intermediaries like Stock Brokers, Merchant Bankers, Registrars to an Issue and Share Transfer Agents, Debenture Trustees, Bankers to Issue, Credit Rating Agencies and Depositories and Participants to

pay fees by way of direct credit in the bank account through online payment using SEBI payment gateway.

6. Securities and Exchange Board of India (Alternative Investment Funds) (Second Amendment) Regulations, 2021

[Issued by the Securities and Exchange Board of India vide Notification No. SEBI/LAD-NRO/GN/2021/21 dated May 05, 2021]

SEBI has revised the investment limits by all 3 Categories of Alternate Investment Funds (AIFs) i.e. Categories I/II/III. SEBI has also substituted Regulation 20 relating to 'General Obligations' of AIFs bring in references to Code of Conduct of AIFs also thereby introducing Schedule Four - 'Code of Conduct for Alternative Investment Funds'.

7. Securities and Exchange Board of India (Intermediaries) (Second Amendment) Regulations, 2021

[Issued by the Securities and Exchange Board of India vide Notification No. SEBI/LAD-NRO/GN/2021/20 dated May 05, 2021]

Amongst many changes, SEBI has introduced reference to feminine gender throughout the regulations. Further, it has replaced the reference of 'Institutional Trading Platform' to 'Innovators Growth Platform' ('IGP'). It has reduced the procedure for reclassification of promoters, business responsibility reporting, insolvency related reporting, etc.

B. CIRCULARS

1. Relaxations relating to procedural matters –Issues and Listing

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021]

The relaxations provided by SEBI vide Circulars No. SEBI/HO/CFD/DIL2 /CIR/P/2020/78 dated May 6, 2020, as amended from time to time, with regard to rights issue by Listed Companies has been extended till September 30, 2021 subject to certain amendments.

2. Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/ HO/ MIRSD/MIRSD_CRADT/ P/ CIR/ 2021/ 554 dated April 27, 2021]

SEBI has prescribed the rating procedure. Credit Rating Agencies will now have to assign the word 'provisional' as a prefix while providing any provisional rating for debt instruments. SEBI has laid the scenarios in which provisional ratings have to be issued, the period for which such ratings shall remain as provisional ratings, disclosures in the press release / rating rationale, steps to undertaken in case the provisional ratings are not accepted by the issuer.

3. Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/553 dated April 28, 2021]

The management of the risk return profile of the Mutual Funds schemes rests with the Asset Management Companies (AMCs) and the Key Employees. In order to align the interest of the Key Employees of the AMCs with the unitholders of the mutual fund schemes, it has been decided that a part of compensation of the Key Employees of the AMCs shall be paid in the form of units of the scheme(s).

SEBI has prescribed the quantum of compensation to be given in the form of units of respective

schemes, redemption of those specific units, clawback in the event of violation / negligence, oversight of the compliance of this circular and who would be termed as Key employees.

This Circular shall be effective from July 01, 2021.

4. Disclosure of the following only w.r.t schemes which are subscribed by the investor: (a) risk-o-meter of the scheme and the benchmark along with the performance disclosure of the scheme vis-à-vis benchmark and (b) Details of the portfolio

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/555 dated April 29, 2021]

With effect from June 01, 2021, Mutual Fund/AMCs will have to, in addition to the existing disclosures, disclose risk-o-meter of the scheme and benchmark while disclosing the performance of scheme vis-à-vis benchmark. Mutual Funds/AMCs will further have to send the details of the scheme portfolio while communicating the fortnightly, monthly and half-yearly statement of scheme portfolio via email

5. Relaxation from compliance with certain provisions of the SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 due to the CoVID-19 pandemic

[Issued by the Securities and Exchange Board of India vide Circulars No. SEBI/HO/CFD/CMD1/P/CIR/2021/556 and SEBI/HO/DDHS/DDHS_Div1/P/CIR/2021/557 dated April 29, 2021]

SEBI has extended the due date for compliance till June 30, 2021 for the following compliances which fall within the purview of SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 like Annual Secretarial Compliance Report, Quarterly results / Annual Audited Financial Statements and Statement of Deviation or Variation in Use of Funds.

The relaxation with respect to filing of results on or before June 30, 2021 has been extended to entities which have debt instruments listed on stock exchanges.

6. Relaxation in timelines for compliance with regulatory requirements

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/DOP/P/CIR/2021/559 dated April 29, 2021]

SEBI has provided a long list of activities undertaken Trading Members / Clearing Members / Depository Participants / KYC Registration Agencies for which the timelines for compliances have been extended to June 30, 2021 or July 30, 2021 and in some case upto 15 days after July 31, 2021.

7. Timelines for updation of Scheme Information Document (SID) and Key Information Memorandum (KIM)

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-I DOF2/P/CIR/2021/0560 dated April 30, 2021]

SEBI vide circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021 has prescribed the procedure for updation of SID and KIM of Mutual Funds schemes. It has now specified the timelines within which the MFs have to undertake this updation.

Further, for the period ended March 31, 2021, SEBI has granted an extension till May 31, 2021 for completion of the updation process.

8. Relaxation in timelines for compliance with regulatory requirements by Debenture Trustees due to the CoVID-19 pandemic

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2021/561 dated May 03, 2021]

SEBI vide circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021 has prescribed the procedure for updation of SID

and KIMof Mutual Fundschemes. It has now specified the timelines within which the MFs have to undertake this updation.

9. Business responsibility and sustainability reporting by listed entities

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 dated May 10, 2021]

Currently, top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) are submitting Business Responsibility Report (BRR) alongwith their respective Annual Reports.

These top 1000 listed entities base on market capitalization will now have to provide Business Responsibility and Sustainability Report (BRSR) for FY 2022-2023 onwards. SEBI has prescribed necessary formats in this regard.

10. Procedure for seeking prior approval for change in control of SEBI registered Portfolio Managers

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/IMD/IMD-I/DOF1/P/CIR/2021/564 dated May 12, 2021]

On April 26, 2021, SEBI has amended the provision for change in control of SEBI Registered Portfolio Managers making it mandatory for seeking prior approval for change in control. SEBI has, vide this circular, laid down the procedure for seeking such prior approval.

11. Relaxation from compliance to REITs and InvITs due to the CoVID -19 virus pandemic

[Issued by the Securities and Exchange Board of India vide Circular No. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/563 dated May 14, 2021]

SEBI extended the due date for regulatory filings and compliances for InvITs and REITs for the period ending March 31, 2021 by 1(one) month over and above the time lines, prescribed under SEBI (Infrastructure Investment Trusts)

Regulations, 2014 (InvIT Regulations) and SEBI (Real Estate Investment Trusts) Regulations, 2014 (REIT Regulations) and circulars issued there under.

CORPORATE LAW

A. CIRCULARS

1. Clarification on spending of CSR funds for setting up temporary COVID Care facilities and makeshift hospitals-reg.

[Issued by Ministry of Corporate Affairs vide General Circular No. 05/2021 dated April 22, 2021]

MCA has clarified that spending of CSR funds for 'setting up of makeshift hospitals and temporary COVID Care facilities' is a. eligible CSR activity under item nos. (i) and (xii) of Schedule VII of Companies Act, 2013.

2. Relaxation of time for filing certain forms under the Companies Act, 2013.

[Issued by Ministry of Corporate Affairs vide General Circular No. 06/2021 dated May 03, 2021]

Form which become due for filing between April 01, 2021 till May 31, 2021 can now be filed with any additional fees till July 31, 2021.

3. Relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013.

[Issued by Ministry of Corporate Affairs vide General Circular No. 07/2021 dated May 03, 2021]

This Circular is applicable to form CHG-1 and CHG-9 by a Company or a charge holder, where the date of creation / modification of charge:

- (a) is before 01.04.2021, but the timeline for filing such form has not expired under section 77 of Companies Act, 2013 as on 01.04.2021, or

(b) falls on any date between 01.04.2021 to 31.05.2021 (both dates inclusive).

In case of point (a) above the no. of days from 01.04.2021 till 31.05.2021 shall not be considered. The first day after 31.05.2021 shall be considered as 01.06.2021.

In case of point (b) the period 115on of charge to 31.05.2021 shall not be considered for counting the no. of days. The first day shall be considered as 01.06.2021.

4. Gap between two board meetings under section 173 of the Companies Act, 2013 (CS-13) – Clarification – reg.

[Issued by Ministry of Corporate Affairs vide General Circular No. 08/2021 dated May 03, 2021]

MCA has extended the interval of holding board meeting from 120 days to 180 days for quarter April to June 2021 and July to September 2021.

5. Clarification on spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants' etc.

[Issued by Ministry of Corporate Affairs vide General Circular No. 09/2021 dated May 03, 2021]

It is clarified that spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' or similar such activities are eligible CSR activities under item nos. (i) and (xii) of Schedule VII of the Companies Act, 2013.

Further, item no. (ix) of Schedule VII of the Companies Act, 2013 permits contribution to specified research and development projects as well as contribution to public funded universities and certain Organisations

engaged in conducting research in science, technology, engineering, and medicine as eligible CSR activities.

MCA has urged Companies including Government companies to undertake the activities or projects or programmes using CSR funds, directly by themselves or in collaboration as shared responsibility with other companies, subject to fulfillment of Companies (CSR Policy) Rules, 2014 and the guidelines issued by this Ministry from time to time.

6. Clarification on offsetting the excess CSR spent for FY 2019-20

[Issued by Ministry of Corporate Affairs vide General Circular No. 08/2021 dated May 03, 2021]

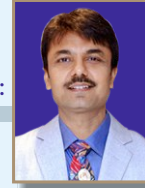
Ministry has clarified that where a company has contributed any amount to 'PM CARES Fund' on 31.03.2020, which is over and above the minimum amount as prescribed under section 135(5) of the Companies Act, 2013 ("Act") for FY 2019-20, and such excess amount or part thereof is offset against the requirement to spend under section 135(5) for FY 2020-21 in terms of the aforementioned appeal, then the same shall not be viewed as a violation subject to the conditions that:

- (i) the amount offset as such shall have factored the unspent CSR amount for previous financial years, if any;
- (ii) the Chief Financial Officer shall certify that the contribution to "PM CARES Fund" was indeed made on 31st March 2020 in pursuance of the appeal and the same shall also be so certified by the statutory auditor of the company; and
- (iii) the details of such contribution shall be disclosed separately in the Annual Report on CSR as well as in the Board's Report for FY 2020-21 in terms of section 134 (3) (o) of the Act.



FEMA UPDATES

Compiled by:



CA Manoj Chunilal Shah CA Viral Vinod Satra

External Commercial Borrowings

A.P. (DIR Series) Circular No. 01 dated April 07, 2021

Parking of ECB proceeds domestically:

Presently ECB borrowers are allowed to park ECB proceeds meant for rupee expenditure in term deposits with AD Category I Bank in India for a maximum period of 12 months cumulatively. These term deposits should be kept in unencumbered position.

To provide relief to ECB borrowers affected by the COVID- 19 pandemic, as a one time measure, with effect from April 07, 2021, unutilised ECB proceeds drawn down on or before March 01, 2020 can be parked in term deposits with AD Category-I banks in India prospectively, for an additional period up to March 01, 2022.



RERA

UPDATES

Compiled by:



CA Ashwin Bhawanji Shah

Land Mark Judgement from Appellate Tribunal, MahaRera in the matter of Dinesh R Humane Vs Piramal Estate Private Limited

Issues:

Whether allottee can withdraw from the project even before issuance of allotment letter ?

Whether reservation of flat by developer can curtail right of allottee to withdraw from the project?

Whether promoter can forfeit the token or booking amount, paid by the allottee, as per booking form namely request for reservation of flat?

Whether allottee can file complaint u/s 31 against Developer action for forfeiture?

Whether relief claimed by allottee can be challenged by Developer being “de horse” i.e beyond the provisions of the Act, Rules and Regulation?

Fact of the Case:

- Allottee booked the flat no 807 in the project called “Vaikunth Cluster-2” for a consideration of Rs 1,05,04,060/- on 29.01.2019 and paid the booking amount of Rs 1,12,393/- and after that amount of Rs 4,49,574/- was paid on 01.03.2019.
- later on, due to some medical reason, the allottee decided to cancel the booking and written an email on 18.05.2019 requesting the promoter to cancel the booking and return the amount paid i.e. Rs 5,61,967/- without the interest.
- However, the promoter replied vide email dated 20.05.2019 that amount paid by allottee

has forfeited due to cancellation of booking.

- 1 Aggrieved with the response from the promoter, allottee filed the complaint before MahaRERA Authority seeking refund of amount without interest.
- During the course of hearing the promoter raised the objection with regards to maintainability of the complaint but the MahaRERA Authority passed the order directing the promoter to refund the amount as per the booking form signed by the parties.
 - Aggrieved with the order of MahaRERA Authority, allottee filed the appeal before MahaRERA Appellate Tribunal for the reason of non clarification in maharera order for refund of booking amount with or without forfeiture clause mentioned in booking form signed by the allottee.

Observation of Hon'ble Appellate Tribunal :-

- The MahaRERA Appellate Tribunal observed that the order passed by the MahaRERA Authority is without considering the correct facts of the case. Tribunal observed that MahaRERA authority directed to refund in accordance with the “booking form signed by both the parties” however, there is nosuch documents exist on the records and the booking was made as per request form signed only by the allottee and not the promoter.
- Further, it is observed that agreement to sale is not executed between the allottee and promoter and only documents signed by the allottee i.e. request for reservation containing

the 33 terms and conditions and one of condition restrict the allottee to withdraw the request for reservation.

- The MahaRERA Appellate Tribunal observed that **“Allottees cannot be restrained from exercising their right of withdrawing the request. Right to make request for reservation of flat includes the right to withdraw such request for reservation of flat”**.
- Further, it is observed that unreasonable and unfair transaction with the one-sided favourable terms cannot be enforced and Promoter cannot take undue advantage of such one sided and unreasonable condition.

Order of Tribunal:-

- Promoter shall pay entire booking amount of Rs. 5,61,9671 /- (RupeesFive Lacs Sixty-One Thousand Nine HundredSixty-Seven) to Allottee though the claim of refund is not governed by any specific provision of RERA, it cannot be ignored that object of RERA is to protect interest of consumer on the conclusion that request to reserve a flat by the allottee includes the right to cancel the reservation.



DIRECT TAXES

Compiled by:



CA Haresh Padamshi Kenia

LAW UPDATE

□ **SECTION 119 OF THE INCOME-TAX ACT, 1961 - CENTRAL BOARD OF DIRECT TAXES - INSTRUCTIONS TO SUBORDINATE AUTHORITIES - NOTIFIED AUTHORITIES TO PASS REGISTRATION ORDER FOR TRUSTS, INSTITUTIONS AND FUNDS**

NOTIFICATION S.O. 1443(E) [NO. 30 /2021/F. NO. 370142/4/2021-TPL], DATED 1-4-2021

In exercise of the powers conferred by clause (i) of sub-rule (1), sub-rule (5) and sub-rule (6) of rule 2C of the Income tax Rules, 1962 ("the Rules"), sub-rule (1), sub-rule (5) and sub-rule (6) of rule 5CA of the Rules, clause (a) of sub-rule (1), sub-rule (5) and sub-rule (6) of rule 11AA of the Rules and clause (i) of sub-rule (1), sub-rule (5) and sub-rule (6) of rule 17A of the Rules, the Central Board of Direct Taxes hereby authorizes the Director of Income Tax (Centralized Processing Centre), Bengaluru and Commissioner of Income Tax (Exemption), Bengaluru, for the following purposes, namely,—

- (i) for receiving applications for provisional registration or registration or provisional approval or approval or intimation in Form 10A under clause (i) of sub-rule (1) of rule 2C of the Rules, sub-rule (1) of rule 5CA of the Rules, clause (a) of sub-rule (1) of rule 11AA of the Rules or clause (i) of sub-rule (1) of rule 17A of the Rules;
- (ii) for passing order granting provisional registration or registration or provisional approval or approval in Form 10AC under sub-rule (5) of rule 2C of the Rules, sub-rule (5) of rule 11AA of the Rules or sub-rule (5) of rule 17A of the Rules;
- (iii) for issuing Unique Registration Number (URN) to the applicants under sub-rule (5) of rule 2C of the Rules, sub-rule (5) of rule 5CA of the Rules, sub-rule (5) of rule 11AA of the Rules or sub-rule (5) of rule 17A of the Rules;
- (iv) for cancelling the approval granted in Form 10AC and Unique Registration Number (URN) under sub-rule (6) of rule 2C of the Rules, sub-rule (6) of rule 5CA of the Rules, sub-rule (6) of rule 11AA of the Rules or sub-rule (6) of rule 17A of the Rules.

This amendment will come into effect from the date of Notification in the Official Gazette.

□ **SECTION 3 OF THE TAXATION AND OTHER LAWS (RELAXATION AND AMENDMENT OF CERTAIN PROVISIONS) ACT, 2020 - RELAXATION OF CERTAIN PROVISIONS OF SPECIFIED ACT - EXTENSION OF DUE DATE FOR COMPLETION OF ACTION UNDER SPECIFIED ACTS**

NOTIFICATION S.O. 1703 (E) [NO. 38 /2021/ F. NO. 370142/35/2020-TPL], DATED 27-4-2021

In view of the severe Covid-19 pandemic raging unabated across the country and in view of requests received from taxpayers, tax consultants & other stakeholders that various time barring dates, which were earlier extended to 30th April, 2021 by various notifications, be further extended, the Central Government has decided to extend the time limits to 30th June, 2021 in the following cases where the time limit was earlier extended to 30th, April 2021 through various notifications issued under the Taxation and Other Laws (Relaxation) and Amendment of Certain Provisions Act, 2020, namely:-

- (i) Time limit for passing of any order for assessment or reassessment under the Income-tax Act, 1961 (hereinafter called 'the Act') the time limit for which is provided under section 153 or section 153B thereof;
- (ii) Time limit for passing an order consequent to direction of DRP under subsection (13) of section 144C of the Act;
- (iii) Time limit for issuance of notice under section 148 of the Act for reopening the assessment where income has escaped assessment;
- (iv) Time Limit for sending intimation of processing of Equalisation Levy under sub-section (1) of section 168 of the Finance Act 2016.

□ **SECTION 4, READ WITH SECTION 3 OF THE DIRECT TAX VIVAD SE VISHWAS ACT, 2020 - FILING OF DECLARATION AND PARTICULARS TO BE FURNISHED - NOTIFIED DUE DATE FOR FILING OF DECLARATION OF AMOUNT PAYABLE BY DECLARANT BEFORE DESIGNATED AUTHORITY - AMENDMENT IN NOTIFICATION NO. S.O. 3847(E) [NO. 85/2020, F. NO. IT(A)/1/2020-TPL], DATED 27-10-2020**

NOTIFICATION NO. S.O. 1704 (E) [NO. 39/2021/ F.NO. IT(A)/01/2020-TPL], DATED 27-4-2021

It has been decided that time for payment of amount payable under the Direct Tax Vivad se Vishwas Act, 2020, without an additional amount, shall be further extended to 30th June, 2021.

□ **SECTION 245B OF THE INCOME-TAX ACT, 1961 - INCOME-TAX SETTLEMENT COMMISSION - EFFECTIVE DATE OF CESSION OF OFFICE OF SETTLEMENT COMMISSION**

NOTIFICATION G.S.R. 302(E) [F. NO. 9-21013/1/2021-AAR], DATED 28-4-2021

In exercise of the powers conferred by the proviso to article 309 of the Constitution, the Central Government hereby notifies the date as 1st May 2021 on which the Chairman, Vice-Chairman or Member shall cease to hold office as provided in 3rd proviso of rule -7 of Settlement Commission (Income-tax and Wealth-tax) (Recruitment and Conditions of Service of Chairman, Vice-Chairmen and Members) Amendment Rules, 2021.

□ **SECTION 119 OF THE INCOME-TAX ACT, 1961 - CENTRAL BOARD OF DIRECT TAXES - INSTRUCTION TO SUBORDINATE AUTHORITIES - EXTENSION OF TIME LINES RELATED TO CERTAIN COMPLIANCES BY TAXPAYERS UNDER THE ACT**

CIRCULAR NO. 8 OF 2021 [F. NO.225/49/2021/1T A-II], DATED 30-4-2021

In view of severe pandemic, the Central Board of Direct Taxes, in exercise of its powers under section 119 of the Income-tax Act, 1961, provides following relaxation in respect of Income-tax compliances by the tax payers:

- (a) Appeal to Commissioner (Appeals) under Chapter XX of the Income-tax Act, 1961 for which the last date of filing under that Section is 1st April 2021 or thereafter, may be filed within the time provided under that Section or by 31st May 2021, whichever is later;
- (b) Objections to Dispute Resolution Panel (DRP) under section 144C of the Income-tax Act, 1961, for which the last date of filing under that Section is 1st April 2021 or thereafter, may be filed within the time provided under that Section or by 31st May 2021, whichever is later;
- (c) Income-tax return in response to notice under section 148 of the Income-tax Act, 1961, for which the last date of filing of return of income under the said notice is 1st April 2021 or thereafter, may be filed within the time allowed under that notice or by 31st May 2021, whichever is later;

- (d) Filing of belated return under sub-section (4) and revised return under sub-section (5) of Section 139 of the Income-tax Act, 1961 for Assessment Year 2020-21, which was required to be filed on or before 31st March 2021, may be filed on or before 31st May 2021;
- (e) Payment of tax deducted under section 194-IA, Section 194-IB and Section 194M of the Income-tax Act, 1961 and filing of challan-cum-statement for such tax deducted, which are required to be paid and furnished by 30th April 2021 under Rule 30 of the Income-tax Rules, 1962, may be paid and furnished on or before 31st May 2021;
- (f) Statement in Form No. 61, containing particulars of declarations received in Form No. 60, which is due to be furnished on or before 30th April 2021, may be furnished on or before 31st May 2021.

□ **INCOME-TAX (THIRTEENTH AMENDMENT) RULES, 2021 - INSERTION OF RULE 11UD**

NOTIFICATION G. S. R. 314(E) [NO. 41 /2021/ F. NO. 370142/11/2018-TPL], DATED 3-5-2021

In exercise of the powers conferred by the clause (a) and clause (b) of Explanation 2A to sub-section (1) of section 9 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:-

Short title and commencement

1. (1) These rules may be called the Income-tax (13th Amendment) Rules, 2021.
(2) They shall come into force with effect from the 1st day of April, 2022.
2. In the Income-tax Rules, 1962, after rule 11UC, the following rule shall be inserted, namely:-

"11UD. Thresholds for the purposes of significant economic presence.—

- (1) For the purposes of clause (a) of Explanation 2A to clause (i) of sub-section (1) of section 9, the amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a nonresident with any person in India, including provision of download of data or software in India during the previous year, shall be two crore rupees;
- (2) For the purposes of clause (b) of Explanation 2A to clause (i) of sub-section (1) of section 9, the number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be three lakhs. "

□ **INCOME TAX (FIFTEENTH AMENDMENT) RULES, 2021 - AMENDMENT IN RULE 2B**

NOTIFICATION G.S.R. 320(E) [NO. 50/2021/F. NO.370142/14/2021-TPL], DATED 5-5-2021

In exercise of the powers conferred by clause (5) of section 10 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

Short title and commencement

1. (1) These rules may be called the Income-tax (15th Amendment), Rules, 2021.
(2) They shall be deemed to have come into force from the 1st day of April, 2021.
2. In the Income-tax Rules, 1962, in rule 2B, after sub-rule (1), the following sub-rules shall be inserted, namely:—

"(1A) For the assessment year beginning on the 1st day of April, 2021, where the individual referred to in sub-rule (1) avails any cash allowance from his employer in lieu of any travel concession or assistance, the amount exempted under the second proviso to clause (5) of section 10 shall be the amount, not exceeding

thirty-six thousand rupees per person, for the individual and the member of his family, or one-third of the specified expenditure, whichever is less, subject to fulfilment of the following conditions, namely:-

- (i) the individual has exercised an option to avail exemption under the second proviso of clause (5) of section 10, in lieu of the exemption under clause (5) of section 10 in respect of one unutilised journey during the block of four calendar years commencing from the calendar year 2018;
- (ii) the payment in respect of the specified expenditure is made by the individual or any member of his family to a registered person during the specified period;
- (iii) the payment in respect of the specified expenditure is made by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as prescribed under rule 6ABBA; and
- (iv) the individual obtains a tax invoice in respect of specified expenditure from the registered person referred in clause (ii).

Explanation 1- For the purpose of this sub-rule,-

- (i) 'tax invoice' means an invoice issued by the registered person under section 31 of the Central Goods and Services Tax Act, 2017 (No. 12 of 2017);
- (ii) 'registered person' shall have the meaning assigned to it in clause (94) of section 2 of the Central Goods and Services Tax Act, 2017 (No. 12 of 2017);
- (iii) 'specified expenditure' means expenditure incurred by an individual or a member of his family during specified period on goods or services, which are liable to tax at an aggregate rate of twelve per cent. or above under various Goods and Services Tax (GST) laws and goods are purchased or services procured from GST registered vendors or service providers;
- (iv) 'specified period' means the period commencing from the 12th day of October, 2020 and ending on the 31st day of March, 2021.

Explanation 2 For the removal of doubt, it is hereby clarified that if the amount received by or due to an individual, as per the terms of his employment, from his employer in relation to himself and member of his family, in connection with the specified expenditure is in excess of the thirty six thousand rupees per person, for the individual and the member of his family, the exemption under this sub-rule would be restricted to thirty-six thousand rupees per person, for the individual and the member of his family, or one-third of the specified expenditure, whichever is less.

Explanation 3 It is hereby clarified that the clarification issued by the Department of Expenditure, Ministry of Finance, vide OM F. No 12(2)/2020-EII (A) Dated 12th October, 2020 and any subsequent clarifications, if any, issued in this regard shall apply mutatis mutandis to the exemption under this sub-rule.

(1B) Where an exemption under the second proviso to clause (5) of section 10 is claimed and allowed, sub-rule (2) shall have effect as if for the words 'two journeys', the words 'one journey' has been substituted."

- ❑ **SECTION 269ST OF THE INCOME-TAX ACT, 1961 - DEPOSITS - MODE OF UNDERTAKING TRANSACTIONS - NON-APPLICATION OF SAID SECTION TO SPECIFIED PERSONS OR CLASS OF PERSONS PROVIDING COVID TREATMENT TO PATIENTS ON RECEIPT OF PAYMENT IN CASH DURING 1-4-2021 TO 31-5-2021 ON OBTAINING PAN OR AADHAAR**

NOTIFICATION S.O. 1803(E) [NO. 56/2021/F. NO. 225/58/2021-ITA.II], DATED 7-5-2021

AS CORRECTED BY NOTIFICATION S.O. 1839(E)[NO. 59/2021/F.NO. 225/58/2021-ITA.-II], DATED 10-5-2021

The Central Government, in exercise of powers conferred by clause (iii) of Proviso to Section 269ST of the Income-tax Act, 1961, hereby specifies Hospitals, Dispensaries, Nursing Homes, Covid Care Centres or similar other medical facilities providing Covid treatment to patients for the purpose of Section 269ST of the Income-tax Act, 1961 for payment received in cash during 1-4-2021 to 31-5-2021, on obtaining the PAN or AADHAAR of the patient and the [payer] and the relationship between the patient and the [payer] by such Hospitals, Dispensaries, Nursing Homes, Covid Care Centres or similar other medical facilities.

- ❑ **LAUNCH OF NEW E-FILING PORTAL OF THE INCOME TAX DEPARTMENT - NON AVAILABILITY OF E-FILING SERVICES FROM 1-6-2021 TO 6-6-2021**

LETTER D.O.F. NO. PR. DGIT (S)/486-2020-21, DATED 19-5-2021

The Income-tax Department is going to launch its new E-filing portal on June 7th, 2021. In preparation for this launch and for migration activities, the existing portal of the Department at www.incometaxindiaefiling.gov.in would not be available for a brief period of 6 days from 1st June to 6th June 2021.

All Officers may be directed to fix any hearing or compliances only from June 10th onwards to give taxpayers time to respond on the new system. If they have already scheduled any hearing or compliance which requires submissions online during this period, they may prepone or adjourn the hearing and reschedule the work items after this period, etc.

□ EXTENSION OF TIME LIMITS OF CERTAIN COMPLIANCES TO PROVIDE RELIEF TO TAXPAYERS IN VIEW OF THE SEVERE PANDEMIC

CIRCULAR NO 9 DATED 20TH MAY 2021 F. NO. 225/49/2021-ITA-II

Sr No	Compliance	Original/Extended Due Date	Further Extended Due Date
1	Filing of Statement of Financial Transactions (SFT) return for the FY 2020-21	31-May-2021	30-June-2021
2	Filing of Statement of Reportable Account for Calendar year 2020 u/r 114E	31-May-2021	30-June-2021
3	Q4 TDS return for FY 2020-21	31-May-2021	30-June-2021
4	Statement of deduction of Tax from contributions paid for superannuation fund for FY 2020-21	31-May-2021	30-June-2021
5	Issue of Form 16 to employees for FY 2020-21	15-June-2021	15-July-2021
6	TDS/TCS book adjustment in form no 24G for month of May 2021	15-June-2021	30-June-2021
7	Statement of Income paid/credited by investment fund in Form No 64C for FY 2020-21	30-June-2021	15-July-2021
8	Due date of filing ITR for non-tax audit cases (including individuals) for AY 2021-22	31-July-2021	30-September-2021
9	Due date for furnishing tax audit report for non-TP cases for AY 2021-22	30-September-2021	31-October-2021
10	Due date of filing ITR for tax audit and non TP cases for AY 2021-22	31-October-2021	30-November-2021
11	Due date for furnishing of tax audit report and Transfer Pricing Report for AY 2021-22	31-October-2021	30-November-2021
12	Due date of filing ITR for TP Cases for AY 21-22	30-November-2021	31-December-2021
13	Due date of Filing ITR for AY 2021-22 for others	30-November-2021	31-December-2021
14	Due date of filing belated/revised return for AY 2021-22	31-December-2021	31-January-2022

Note:

- 234A will be applicable where tax liability exceeds 1 Lakh
- For the above, Self Assessment Tax paid by Resident Individual within due date (without extension under this circular) shall be deemed to be advance tax.



GST UPDATES

Compiled by:



CA Nitin Dhanji Kenia CA Bharat Kalyanji Gosar

NOTIFICATIONS - CENTRAL TAX:

- **Notification No. 07/2021 - Central Tax dated 27th April, 2021.**

Following Rule is amended in The Central Goods and Service Tax Rules, 2017. Rule is effective from 30/03/2021.

Rule 26(1):By adding forth proviso, all registered Companies are allowed to furnish return in Form GSTR-3B and the details of outward supplies in Form GSTR-1 using IFF through electronic verification code (EVC) for the period from 27/04/2021 to 31/05/2021.

- **Notification No. 08/2021 - Central Tax dated 1st May, 2021.**
- **Notification No. 01/2021 -Integrated Tax dated 1st May, 2021.**

The Notification seeks to provide relief by lowering the interest rate for a prescribed time for delay in payment of tax for month March, 2021, April, 2021 and the for quarter ending on March, 2021.

- **Notification No. 09/2021 - Central Tax dated 1st May, 2021.**

Late fee is waived for fifteen days from the due date of furnishing return of the return in Form GSTR 3B for the month March, 2021 and April, 2021 for taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year. However, for taxpayers having an aggregate turnover upto rupees 5 crores in the preceding financial year, late fee is waived for 30 days from the due date of furnishing return. Similarly, for quarterly return filer also late fee is waived for 30 days from the due date of furnishing such quarterly return.

- **Notification No. 10/2021 - Central Tax dated 1st May, 2021.**

The Notification seeks to extend the due date for filing annual return in Form GSTR4 for composition dealers for financial year 2020-21 to 31/05/2021

- **Notification No. 11/2021 - Central Tax dated 1st May, 2021.**

The Notification seeks to extend the due date for furnishing of statement in Form ITC04 for the period January to-March, 2021 till 31/05/2021.

- **Notification No. 12/2021 - Central Tax dated 1st May, 2021.**

The Notification seeks to extend the due date of furnishing of return in Form GSTR-1 for April, 2021 till 26/05/2021.

- **Notification No. 13/2021 - Central Tax dated 1st May, 2021.**

Following Rules are amended in The Central Goods and Service Tax Rules, 2017. Rules are effective from 01/05/2021.

Rule 36(4):As per this Rule, maximum cap of 5 % of eligible ITC as per GSTR 2A has been put on a registered tax payers for claiming ITC for which suppliers have not uploaded invoices/ debit notes. Now, it is provided that the said condition shall apply cumulatively for the period April, 2021 and May, 2021 and the return in Form GSTR3B for the tax period May, 2021 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition stated above.

Rule 59(2): Facility of furnishing details of outward supply using Invoice furnishing facility for the month of April 2021 will be available from 01/05/2021 till 28/05/2021.

- **Notification No. 14/2021 - Central Tax dated 1st May, 2021.**

The Notification seeks to extend specified compliances falling between 15.04.2021 to 30.05.2021 where completion or compliance of such action has not been made within such time, then the time limit for completion or compliance of such action is upto 31/05/2021.

- **Notification No. 15/2021 - Central Tax dated 18th May, 2021.**

Following Rules are amended in The Central Goods and Service Tax Rules, 2017. Rules are effective from 18/05/2021.

Rule 23(1): A registered person has to submit an application for revocation of cancellation of registration in Form GST REG-21 to the proper officer within a period of 30 days from the date of the service of the order of cancellation of registration. Now by amending this Rule, powers are given to the Additional Commissioner or the Joint Commissioner or the Commissioner to allow such application to be submitted within extended time period.

Rule 90(3): Where any deficiencies are noticed in refund application of taxpayer, then the proper officer is required to communicate the deficiencies to the applicant in Form GST RFD03. It is now provided that the time period, from the date of filing of the refund claim in FORM GST RFD01 till the date of communi-

cation of the deficiencies in FORM GST RFD-03 by the proper officer, will be excluded from the period of two years as specified in Section 54(1) in respect of any such fresh refund claim filed by the applicant after rectification of the deficiencies.

Rule 90(5)& (6): Newly inserted Rule provides for withdrawing the application for refund by filing an application in Form GST RFD01W. On submission of such an application, any amount debited by the applicant from electronic credit ledger or electronic cash ledger, as the case may be, while filing application for refund in Form GST RFD01, shall be credited back to the ledger from which such debit was made.

Form RFD 07: This Form regarding Order for withholding the refund / Order for release of withheld refund is now replaced by new Form RFD 07.

Form GST RFD01 W: New Form is introduced for making an application for Withdrawal of Refund Application.

CIRCULARS - CGST:

- **Circular No. 148/04/2021 - GST- dated 18th May, 2021**

The Circular prescribed Standard Operating Procedure (SOP) for implementation of the provision of extension of time limit to apply for revocation of cancellation of registration U/s 30 of the CGST Act, 2017 and Rule 23 of the CGST Rules, 2017.



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