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# INCOME TAX



# COMPULSORY SCRUTINY : 2020-21

Keeping in view of the Faceless Assessment Scheme,2020 implemented by the Department and the difficulties being faced amid COVID-19 pandemic, the parameters for compulsory selection of returns for Complete Scrutiny during Financial Year 2020-21 and conduct of assessment proceedings in such cases are prescribed as under:

S. No.	The Parameter	Assessment Proceedings to be conducted by
1	<b>Cases pertaining to survey u/s 133A of the Income-tax Act, 1961</b>	
	<p>Cases pertaining to survey u/s 133A of the Act, excluding those cases where books of accounts, documents, etc. were not impounded and returned income (excluding any disclosure made during the Survey) is not less than returned income of preceding assessment year. However, where assessee has retracted from disclosure made during the Survey, such cases will be considered for scrutiny.</p> <p>(i) In respect of such cases selected for compulsory scrutiny and where there is impounded material</p> <p>(ii) In respect of such cases selected for compulsory scrutiny and where there is no impounded material</p>	<p>(i) After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, such cases shall be transferred to Central Charges u/s 127 of the Act within 15 days of issue of notice u/s 143(2) of the Act.</p> <p>(ii) After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, assessment proceedings in such cases will be conducted by NeAC. The Assessing Officer shall upload the Survey Report in the ITBA at the time of issue of notice u/s 143(2) of the Act</p>

# COMPULSORY SCRUTINY : 2020-21

S. No.	The Parameter	Assessment Proceedings to be conducted by
<b>2</b>	<b>Cases pertaining to Search and Seizure</b>	
	Assessments in Search and Seizure cases to be made under section(s) 153A, 153C read with section 143(3) of the Act and also for return filed for assessment year relevant to previous year in which authorization for Search and Seizure was executed under section 132 or 132A of the Act.	The cases falling u/s 153C, if lying outside Central Charges, shall be transferred to Central Charges u/s 127 of the Act within 15 days of issue of notice u/s 143(2) for compulsory selection.

# COMPULSORY SCRUTINY : 2020-21

S. No.	The Parameter	Assessment Proceedings to be conducted by
<b>3</b>	<b>Cases in which notices u/s 142(1) of the Act, calling for return, have been issued</b>	
	(i) Cases where no return has been furnished in response to a notice u/s 142(1) of the Act.	These cases will be taken up for compulsory scrutiny by NeAC.
	(ii) Cases where return has been furnished in response to notice u/s 142(1) of the Act and where notice u/s 142(1) of the Act was issued due to the information contained in NMS Cycle/AIR information/information received from Directorate of IC&I.	These cases will not be taken up for compulsory scrutiny and the selection of such cases for scrutiny will be through CASS cycle.
	(iii) Cases where return has been furnished in response to notice u/s 142(1) of the Act and where notice u/s 142(1) of the Act was issued due to the specific information received from Law Enforcement Agencies, including the Investigation Wing; Intelligence/ Regulatory Authority/Agency; Audit Objection; etc.	After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, assessment proceedings in such cases will be conducted by NeAC.

# COMPULSORY SCRUTINY : 2020-21

S. No.	The Parameter	Assessment Proceedings to be conducted by
4	<b>Cases in which notices u/s 148 of the Act have been issued</b>	
	(i) Cases where no return has been furnished in response to notice u/s 148 of the Act.	In such cases, Jurisdictional Assessing shall issue notice u/s 142(1) of the Act, calling for information regarding the issues on the basis of which notice u/s 148 was issued, subsequent to which, assessment proceedings in such cases will be conducted by NeAC.
	(ii) Cases where return has been furnished in response to notice u/s 148 of the Act and where notice u/s 148 of the Act was issued due to the information contained in NMS Cycle/ AIR information/ information received from Directorate of IC&I.	These cases will <b>not</b> be taken up for compulsory scrutiny and the selection of such cases for scrutiny will be through CASS cycle.
	(iii) Cases where return has been furnished in response to notice u/s 148 of the Act and where notice u/s 148 of the Act was issued due to the specific information received from Law Enforcement Agencies, including the Investigation Wing; Intelligence / Regulatory Authority / Agency; Audit Objection; etc.	After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, assessment proceedings in such cases will be conducted by NeAC.

# COMPULSORY SCRUTINY : 2020-21

S. No.	The Parameter	Assessment Proceedings to be conducted by
5	<b>Cases related to registration/approval under various sections of the Act, such as 12A, 35(1)(ii)/(iia)/(iii), 10(23C), etc.</b>	
	<p>Cases where registration/approval under various sections of the Act, such as section 12A, 35(1)(ii)/(iia)/(iii), 10(23C), etc. have not been granted or have been cancelled /withdrawn by the Competent Authority, yet the assessee has been found to be claiming tax -exemption/deduction in the return. However, where such orders of withdrawal of registration/approval have been reversed/set-aside in appellate proceedings, those cases will not be selected under this clause.</p>	<p>After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, assessment proceedings in such cases will be conducted by NeAC</p>

# INFRASTRUCTURE DEBT FUND

The CBDT has issued circular hereby notifies the Infrastructure Debt Fund namely, the 'L&T Infra Debt Fund (PAN: AACCL4493R)' for the purposes of the said clause, for the assessment year 2018-2019 and subsequent years subject to the following conditions, namely:- (i) that the Infrastructure debt fund shall conform to and comply with the provisions of the Income-tax Act, 1961, rule 2F of the Income-tax Rules, 1962 and the conditions provided by the Reserve Bank of India in this regard, and (ii) that the Infrastructure debt fund shall file its return of income as required by sub-section (4C) of section 139 of the Income-tax Act, 1961 on or before the due date.(Notification dated 11th September,2020.)



# TCS ON SALE OF GOODS

TCS on Goods Sold u/s 206C (1H) w.e.f 1st October 2020: Applicable if Turnover is more than 10 Crore last year. Seller to Collect TCS from Buyer on Sales exceeding Rs. 50 Lakhs in year. Sale of Goods covered only. No TCS on Sale of Services. TCS Rate 0.1% (0.075% till 31.03.2021) on Sales after crossing 50 Lakh means No TCS on First 50 Lakh. TCS to be deposited on receipt basis i.e. after payment received from buyer. No TCS in case of Exports, Sales to Governments, Local Authority. TCS Rate will be 1% if buyer don't provide PAN or Aadhar.

# GST/CUSTOM

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# DLINKING OF CREDIT/DEBIT NOTE

Till now, original invoice number was mandatorily required to be quoted by the taxpayers, while reporting a Credit Note or Debit Note in Form GSTR-1 or Form GSTR-6. The taxpayers have now been provided with a facility on the GST Portal to Report in their Form GSTR-1 or in Form GSTR-6, single credit note or debit note issued in respect of multiple invoices. Choose the note supply type as Regular, SEZ, DE, Export etc., to identify the table to which such credit note or debit note pertains. Indicate Place of Supply (POS) against each credit note or debit note, to identify the supply type i.e. Intra-State or Inter-State. Debit / Credit Notes can be declared with tax amount, but without any taxable value also i.e. if credit note or debit note is issued for difference in tax rate only, then note value can be reported as 'Zero'. Only tax amount will have to be entered in such cases. Similar changes have been made while reporting amendments to credit note or debit note.

# DLINKING OF CREDIT/DEBIT NOTE

Corresponding changes have also been made in refund module. Thus, while applying for refund, taxpayers can now report such credit notes or debit notes in statements (filed during filing the refund application) without mentioning the related invoice number. The taxpayer would be required to select the document type from a drop-down comprising of invoice/ debit note/ credit note. The change has been provided while filing refund application of following types/ cases: Refund for export of services with payment of tax Refund on account of goods & services without payment of tax Refund on account of supply of goods or services to SEZ with payment of tax Refund on account of supply of goods or services to SEZ without payment of tax Refund on account of Inverted duty structure. (Press release dated 17<sup>th</sup> September,2020.)

# E-INVOCING

GST Network issued clarifications through frequently asked questions ahead of the October 1 launch of the scheme for businesses with more than Rs 500 crore turnover. The scheme will introduce a standard invoicing standard for all companies. "Businesses will continue to issue invoices as they are doing now. Necessary changes on account of e-invoicing requirement to enable reporting of invoices to Invoice Registration Portals (IRP) and obtain Invoice Reference Number (IRN), will be made by ERP or accounting and billing software providers in their respective software.

# MISCELLANEOUS

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**Miscellaneous**

# EXTENTION OF FILING OF FORM CRA-4

The MCA issued Notification that in view of the extraordinary disruption caused due to the pandemic, it has been decided that if cost audit report for the financial year 2019-20 by the cost auditor to the Board of Directors of the companies is submitted by 30<sup>th</sup> November, 2020 then the same would not be viewed as violation of rule 6(5) of Companies (cost records and audit) Rules, 2014. Consequently, the cost audit report for the financial year ended on 31<sup>st</sup> March, 2020 shall be filed in e-form CRA-4 within 30 days from the date of receipt of the copy of the cost audit report by the company. However, in case a company has availed extension of time for holding Annual General Meeting then e-form CRA-4 may be filed within the timeline provided under the proviso to rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014. (Notification dated 10<sup>th</sup> September,2020.)

# AMENDMENT IN ACCEPTANCE OF DEPOSIT RULES

The MCA has issued notification and amended In the Companies (Acceptance of Deposits) Rules, 2014 , in rule 2, in sub-rule (1), in clause (c), in sub-clause (xvii), - (i) for the words "five years", the words " ten years" shall be substituted; (ii) in the Explanation, in clause I, for the letters, figures, brackets and words "G.S.R. 180 (E) dated 17th February, 2016 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry", the letters, figures, brackets and words "G.S.R. 127 (E), dated the 19th February, 2019 issued by the Department for Promotion of Industry and Internal Trade" shall be substituted. 3. In the said rules, in rule 3, in sub-rule (3), in the second proviso, in clause (i), for the words" five years", the words, "ten years" shall be substituted.(Notification dated 7<sup>th</sup> September,2020.)



# **EXTENTION OF TIME TO HOLD AGM**

The MCA has extended the timeline for holding Annual General Meeting till December 31st from September 30<sup>th</sup> and also issued directions to ROCs to issue orders without filing of formal application and of fee. Even applications already filed but not approved or rejected are also covered for this relief. (Press Release dated 8<sup>th</sup> September,2020.)

# **APPOINTMENT OF IP AS ADMINISTRATORS**

The IBBI and the SEBI have mutually agreed upon to use a Panel of IPs for appointment as Administrators for effective implementation of the Regulations. The IBBI shall prepare a Panel of IPs keeping in view the requirements of SEBI and the Regulations and the SEBI shall appoint the IPs from the Panel as Administrators, as per its requirement in accordance with the Regulations. A Panel shall be valid for six months and a new Panel will replace the earlier Panel every six months. For example, the first panel under these Guidelines will be valid for appointments during April - September, 2020, the next panel will be valid for appointments during October, 2020 - March, 2021 and so on.

# MARGIN FOR CASH SEGMENT

The SEBI has issued circular and clarified that the 'margins' for this purpose shall mean VaR margin, extreme loss margin (ELM), mark to market margin (MTM), delivery margin, special / additional margin or any other margin as prescribed by the Exchange to be collected by TM/CM from their clients. Henceforth, like in derivatives segment, the TMs/CMs in cash segment are also required to mandatorily collect upfront VaR margins and ELM from their clients. The TMs / CMs will have time till 'T+2' working days to collect margins (except VaR margins and ELM) from their clients. (The clients must ensure that the VaR margins and ELM are paid in advance of trade and other margins are paid as soon as margin calls are made by the Stock Exchanges / TMs / CMs. The period of T+2 days has been allowed to TMs / CMs to collect margin from clients taking into account the practical difficulties often faced by them only for the purpose of levy of penalty and it should not be construed that clients have been allowed 2 days to pay margin due from them.)(Circular dated 15<sup>th</sup> September,2020.)

# DRAFT REGULATION

The ICAI has issued notification and issued draft regulation of the Chartered Accountants (Amendment) Regulations, 2020. In Regulation 4: (i) The existing regulation 4, shall be numbered as sub-regulation (1); (ii) After so numbered sub-regulation (1), the following shall be inserted as sub-regulation (2), namely,- “(2) Notwithstanding anything contained in clause (a) or (b) of sub-regulation (1), a person who makes an application for membership of the Institute after a period of three years or more from the date of his passing the final examination and comply with other provisions of these regulations, shall be required to appear and pass such Assessment as may be approved by the Council from time to time.” II. In regulation 19, after sub-regulation (1), the following proviso shall be inserted, namely,- “Provided that a person who makes an application for restoration of his name after a period of three years or more from the date of removal of his name shall be required to appear and pass such assessment as may be approved by the Council from time to time.”

# FAQ REGARDING PRACTICAL TRAINING

The ICAI has issued FAQ on practical Training during lock down. The period of absence arising out of lockdown due to COVID -19 pandemic w.e.f 24th March, 2020 till 3rd May, 2020 shall be counted as being on Practical Training for the aforesaid period for the students who are already registered and undergoing Practical Training as on 24th March, 2020. The eligibility of stipend for the period during lockdown / unlock down will be decided mutually between the Principal and the Article based on the fact as to whether students were working/ available to work during these days. Council of ICAI approved that due to excess leave between 4th May 2020 to 31st August 2020 ,the attempt of these students will not be extended. In other words, students will be eligible to appear in the same attempt of Intermediate/Final examination in which they were supposed to appear.

# COMPLIANCE DATES FOR SEPTEMBER & OCTOBER, 2020

20th September	File GSTR-3B Return for the month of August, 2020.(Turnover Above 5 crore) .
23rd September	File GSTR-3B Return for the month of June, 2020.(Turnover Below 5 crore) for specified states.
25th September	File GSTR-3B Return for the month of June, 2020.(Turnover Below 5 crore) for specified states.
27th September	File GSTR-3B Return for the month of July, 2020.(Turnover Below 5 crore) for specified states.
29th September	File GSTR-3B Return for the month of July, 2020.(Turnover Below 5 crore) for specified states.
30th September	File GSTR-9 for the year 2018-19.
30th September	File GSTR-9C for the year 2018-19.
30th September	File ITR-V for the Assessment year 2015-16,2016-17,2017-18,2018-19 & 2019-20.
30th September	Last date of Company Fresh Start Scheme,2020.

**DISCLAIMER :** Although due care has been taken while compiling the above details, yet the author carries no responsibility for any inadvertent misquoting. Please check the relevant source before relying on any of the compilations. The notification and circulars covered under the compilation are chosen which are considered important and not all, issued under the relevant statute

# COMPLIANCE DATES FOR SEPTEMBER & OCTOBER, 2020

30 <sup>th</sup> September	File DPT-03 (Return of Deposits)
30 <sup>th</sup> September	File DIR-3 KYC (KYC of Director)
30 <sup>th</sup> September	File MSME Form 1 for half year ended 31st March, 2020.
30 <sup>th</sup> September	File PAS-6 (Reco of share Capital) for the half year ended 31st March, 2020.
30 <sup>th</sup> September	File Form 11 (Annual Return) in case of LLP.
30 <sup>th</sup> September	Last date of Filing Original & Revised Return for A.Y 2019-20.
1st October	File GSTR-3B Return for the month of August, 2020. (Turnover Below 5 crore) for specified states.
3rd October	File GSTR-3B Return for the month of August, 2020. (Turnover Below 5 crore) for specified states.
7th October	Deposit TDS/TCS for the month of September, 2020.

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Thank  
you