



The key amendments introduced in statutes, policies and procedures in respect of Direct Tax, Indirect Tax, Corporate Laws & Accounting Standards, Foreign Exchange Management Act/ Export Import Policy & Securities and Exchange Board of India related matters are summarized hereunder.

## DIRECT TAX

### Amendments, Notifications & Court Rulings

- CBDT extends timelines of Task force on Direct Tax Code
- Asset Management Company certain activities may not Constitute Business Connection in India

## INDIRECT TAX

### Amendments, Notifications & Court Rulings

- E-way bill stopover if GST return not filed for two consecutive tax period
- Circular: Procedure to utilize ITC Credit
- Advance Authority Rulings

## RBI NOTIFICATIONS

### Amendments and Notifications

- Debt Investment - Foreign Portfolio Investors ('FPIs') can invest through new Channel

## MCA NOTIFICATIONS

### Amendments and Notifications

- Directors DIN to be marked as Director of ACTIVE non-compliant company
- One time return in Form DPT-3 (Return of Deposits)
- Extension of time limit for filing of E-Form DIR-3KYC (Director's KYC)

## DIRECT TAX

### 1 CBDT extends timelines of Task force on Direct Tax Code

The task force under guidance of Shri Akhilesh Ranjan, Member (Legislation), constituted to give their report on new direct tax code, was extended with a time line to submit their report by July 31, 2019.

*Source: CBDT Office Order [F No 370149/230/2017 Part (3)] dated May 27, 2019*

## 2. Asset Management Company certain activities may not Constitute Business Connection in India

To encourage offshore funds, Indian tax authorities provide a safe harbor regime for onshore management of offshore funds thereby neutralizing the impact of constitution of business connection/ permanent establishment/ tax residence for the offshore funds in India.

### To avail benefit:

*An 'Eligible Investment Fund is required to comply with 13 conditions laid under section 9A(3), and an 'Eligible Fund Manager' is required to comply with 4 conditions laid under section 9A(4) of the Act read with rules.*

*An Asset Management Company ('AMC') will be the company which is approved under SEBI (Mutual Funds) Regulations, 1996 and is engaged in the activity of fund management of Mutual Funds*

*Source: CBDT Circular No. 8 [F. No: 500/182/2018-FT &TR-V] dated May 10, 2019*

## INDIRECT TAX

### 1. E-way bill stopover if GST return not filed for two consecutive tax period

Government by way of notification have laid down restrictions on raising E-way bill in case GST return for two consecutive period is not filed. This rule will be effective from June 21, 2019.

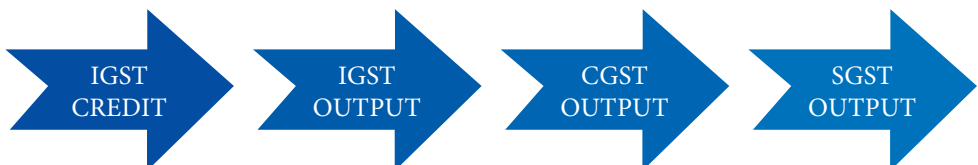
E-way bill is an electronic way bill for movement of goods to be generated on Eway bill portal. A GST registered person cannot transport goods in a vehicle whose value of goods exceeds INR 50,000 without an Eway bill.

*Source: Notification No. 22/2019 Central Tax dated Apr 23, 2019*

### 2. Circular: Procedure to utilize ITC Credit

GST authorities through circular has clarified that a registered person now has to utilize in below manner

*IGST credit for setting off the liability related to IGST, CGST and SGST, then only CGST and SGST credit can be utilized.*



As above scheme is not available in the GST portal, it has been clarified that old set off mechanism can be followed until new mechanism is set in place on the portal.

*Circular No. 98/17/2019 dated Apr 23, 2019*

## Advance Authority Rulings

- GST Rates & TDS – Services by Contractors to Government Authorities

Service Description	Rate (%)	GST TDS
Pure service	Nil	Not Applicable
Composite supply of goods and services where goods supply	Nil	Not Applicable
✓ Less than or equal 25% of total supply	12/18	Applicable
✓ More than 25% of total supply		

Source: Municipal Corporation Pratapgarh, (AAR Rajasthan)

- Input credit – Consideration is available through book Adjustment

As per GST Act, where a recipient fails to pay to the supplier the consideration towards the value of supply within a period of 180 days from the date of issue of invoice by the supplier then in that case the amount of credit availed is added in to the outward tax liability.

As per the advance ruling it was decided that even book adjustment can be considered as a payment of consideration. The GST Act and rules do not restrict the recipient from claiming the input tax credit when consideration is paid through book adjustment.

Source: Senco Gold Ltd. (AAR West Bengal)

- Medicinal supplies and services provided in hospital

Supply of medicines, consumables, surgical items, items such as needles, reagents etc. used in laboratory, room rent used in the course of providing health care services to in-patients for diagnosis or treatments which are naturally bundled and are provided in conjunction with each other, would be considered as "Composite Supply". All these services and goods supplied will be considered as a part of health care services eligible for exemption from GST under Sl.No.74 of Notification No.12/2017-CT(R) dated Jun 28, 2017.

Source: Kindorama Healthcare Pvt. Ltd. (AAR Kerala)

## RBI NOTIFICATIONS

1. Debt Investment - Foreign Portfolio Investors ('FPIs') can invest through new Channel

RBI, in consultation with Government of India and Securities and Exchange Board of India ('SEBI'), propose to introduce 'Voluntary Retention Route' (VRR), to enable FPIs to invest in debt markets in India.

This channel facilitates investments free from macro-prudential and other regulatory prescriptions applicable to FPI investments in debt markets. To channelize, a registered FPI with SEBI manages to retain a required minimum percentage of their investments in India for a period of their choice.

Source: <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=11561&Mode=0> dated May24, 2019

## MINISTRY OF CORPORATE AFFAIRS ('MCA') NOTIFICATIONS

### 1. Directors DIN can be marked as "Director of ACTIVE non-compliant company"

MCA through a notification makes Mandatory for every company to file e-Form ACTIVE. If a company fails to file the form within specified period then the Director Identification Number ('DIN') allotted the directors, shall be marked as "Director of ACTIVE non-compliant company".

Source: [http://www.mca.gov.in/Ministry/pdf/CompaniesAcceptanceDepositsSecAmendRules\\_01052019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesAcceptanceDepositsSecAmendRules_01052019.pdf) dated April 30, 2019

### 2. Due Date of Filing Return of Deposits (Form DPT-3)

Every company other than a government company is required to file the details of deposit in Form DPT-3. Companies are required to comply with following returns:

- a) One time return – Companies are required to file with the ROC a one-time return in Form DPT-3 for receipt of money/loan by a company, not considered as deposits, outstanding from April 1, 2014 to 31 March 2019. Last date for submission of one time return has been extended from April 22, 2019 to June 29, 2019.
- b) Annual Return – Companies shall file this return with Registrar of Companies (ROC) on yearly basis as return of deposits or for particulars of transactions particulars of transactions not considered on or before 30 June, 2019.

Source: [http://www.mca.gov.in/Ministry/pdf/CompaniesAcceptanceDepositsSecAmendRules\\_01052019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesAcceptanceDepositsSecAmendRules_01052019.pdf) dated April 30, 2019

### 3. Extension of time limit for filing of E-Form DIR-3KYC (Director's KYC)

MCA has extended annual KYC filing of Directors in form DIR-3 from April 30, 2019 to Jun 30, 2019. Filing of forms after Jun 30 will attract a late fee of INR 5,000.

*Requirement of E-Form DIR-3KYC: Every individual who has been allotted a Director Identification Number (DIN) as on 31st March of a financial year shall, submit e-form DIR-3-KYC to the Central Government on or before 30th June of immediate next financial year.*

Source: [http://www.mca.gov.in/Ministry/pdf/CosAppointmentQualificationDirAmend\\_01052019.pdf](http://www.mca.gov.in/Ministry/pdf/CosAppointmentQualificationDirAmend_01052019.pdf) dated April 30, 2019

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