

technical update

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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

- Clarifications in respect of filing of income tax return forms for Assessment Year 2019-20
- Enhancement of monetary limits for filing of appeals by the Department
- Exemptions to specified assesses from filing tax returns in India
- Clarification of availability of profit –linked deduction to small start-ups

INDIRECT TAX

Amendments, Notifications & Court Rulings

- Power to appointment officers under GST
- Creation of State Benches of the GSTAT (Goods and Services Tax Appellate Tribunal)
- Extension of due date for furnishing annual return for the period from Jul'17 to Mar'18
- Reduction in GST rates on Electric Vehicles
- Exempt the hiring of Electric buses by local authorities from GST

RBI NOTIFICATIONS

Amendments and Notifications

- External Commercial Borrowings (ECB) Policy – Rationalisation of End-use Provisions

MCA NOTIFICATIONS

Amendments and Notifications

- Clarifications on DIR-3 KYC or DIR-3 KYC-WEB
- Fee for filing of e- Form DIR-3 KYC or DIR-3 KYC-WEB
- Relaxation of additional fees and extension of last date of filing of Form BEN-2 under the Companies Act, 2013

DIRECT TAX

Clarifications in respect of filling of income tax return forms for Assessment Year 2019-20

Central Board of Direct Taxes ('CBDT') has issued clarifications in relation to reporting requirements of income tax return ('ITR') forms. ITR forms notified on April 1, 2019 include various additional disclosures in comparison to last year. These additional requirements resulted into various queries including details of directorship in foreign company, equity shares listed outside India, quoting of PAN of buyer etc. In order to address these queries CBDT has issued a circular in form of FAQs.

Source: CBDT circular no. 18 of 2019 [F.No. 370142/1/2019-TPL (Pt-1)] dated August 8, 2019

Enhancement of monetary limits for filing of appeals by the Department

There is a substantial pendency of appeals of the Income Tax Department before various appellate fora. To effectively reduce taxpayer grievances/litigation it has been decided that monetary limits for filing of appeals in income-tax cases by the Department to be enhanced. The table below specifies revised monetary limits:

Sr. No.	Appeal/SLP in Income-tax matters	Monetary Limits (INR)
a.	Before Appellate Tribunal	5,000,000
b.	Before High Court	10,000,000
c.	Before Supreme Court	20,000,000

Further CBDT clarified that the said notification shall also be applicable to pending appeals.

Source: CBDT circular no.17 of 2019 [F. No. 279/Misc. 142/2007-ITJ (Pt.)] dated August 8, 2019 & [F. No. 279/Misc. /M-93/2018-ITJ] dated August 20, 2019

Exemptions to specified assesses from filing tax returns in India

Central Government vide notification has exempted following class of persons from requirement of furnishing return of income in relation to income from any investment in an investment fund set up in an International Financial Services Centre ('IFSC'):

- a. non-resident, not being a company
- b. foreign company

The above exemption is subject to fulfilment of following conditions:

- a. taxes have been deducted at source as per rates specified in section 194LBB
- b. there is no other income being earned in respect of which obligated to file return of income

The above exemption shall not be available where specific notices have been issued for assessment proceedings.

Source: CBDT Notification No. 55/2019 [F.No. 225/79/2019-ITA.II] dated July 26, 2019

Clarification regarding availability of profit-linked deduction to small start-ups

CBDT has clarified that the benefit of 100% profit linked deduction is available to only small start-ups with an annual turnover of INR 25 crores or less. However, start-up with a higher turnover up to INR 100 crores can still continue to be recognized as a start-up by the Department for Promotion of Industry and Internal Trade for regulatory and angel tax exemption purposes.

Source: CBDT Press release dated August 22, 2019

INDIRECT TAX

Power to appointment officers under GST – [Corrigendum dated July 29, 2017 to Notification No. 02/2017-Central Tax dated June 19, 2017 and Corrigendum dated July 29, 2017 to Notification No. 14/2017-Central Tax dated June 19, 2017]

The two corrigendum(s) issued seeks to replace the words ‘the Central Board of Excise and Customs’ contained in Nt. No. 02/2017-CT dt. 19.06.2017 and Nt. No. 14/2017-CT dt. 19.06.2017 with ‘Government’. Earlier the validity of Nt. No. 02/2017-CT dated. 19.06.2017 and Nt. No. 14/2017-CT dated 19.06.2017 was questionable as sec. 3 of the CGST Act, 2017 vested the power to appoint officers with ‘Government’ whereas in the said Notifications the appointments were made by CBEC/CBIC. Through this corrigendum, the said error is sought to be rectified.

Source: Vide Corrigendum(s) dated July 29, 2019

Creation of State Benches of the GSTAT (Goods and Services Tax Appellate Tribunal)-

[Notification No. S.O 3009 Central tax(E) dated July 21,2019]

The Central Government has notified the creation of State Benches of the GSTAT. GSTAT is notified in respect of 25 States.

Source: Vide Nt. No. S.O 3009 (E) dated July 21, 2019

Extension of due date for furnishing annual return for the period from Jul’17 to Mar’18:

The time limit for furnishing Annual Return under GSTR-9 has been extended to November 30, 2019 from August 31, 2019.

Source: Vide Nt. Order No. 7/2019-CT dated Aug 26, 2019

Reduction in GST rates on Electric Vehicles

GST rates on ‘Charger and charging station for electrically operated vehicles’ and ‘Electrically operated vehicles’ have been reduced from 12% to 5%. The entry also provides meaning of ‘Electrically operated vehicles’ i.e. vehicles which are run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicles and shall include E- bicycles.

Source: Vide Nt. No. 12/2019-CT(R) dated July 31, 2019

Seeks to exempt the hiring of Electric buses by local authorities from GST

The notification provides exemption in respect of services provided by way of giving on hire to a local authority an electrically operated vehicle which has the capacity to carry more than 12 passengers.

Source: – Vide Notification No. 13/2019 – Central Tax dated July 31, 2019.

RBI NOTIFICATIONS

External Commercial Borrowings (ECB) Policy – Rationalisation of End-use Provisions

The Reserve Bank of India has now relaxed the end-use restrictions related to external commercial borrowings (ECBs), allowing corporates and non-banking finance companies (NBFCs) to raise ECBs for working capital and general corporate purposes.

The new norms have permitted end-use pegged to Minimum Average Maturity Period. The details are as follows:

Permitted End-use	Minimum Average Maturity Period (“MAMP”)
<ul style="list-style-type: none"> Working capital and general corporate purposes Borrowing by NBFC for on-lending for said purposes 	10 Years
<ul style="list-style-type: none"> Repayment of rupee loans (availed domestically) for purpose other than capital expenditure Borrowing by NBFC for on-lending for said purposes 	10 Years
<ul style="list-style-type: none"> Repayment of rupee loans (availed domestically) for capital expenditure Borrowing by NBFC for on-lending for said purposes 	7 Years

Source: https://www.rbi.org.in/scripts/FS_Notification.aspx?Id=11636&fn=5&Mode=0 dated July 30, 2019

MINISTRY OF CORPORATE AFFAIRS (‘MCA’) NOTIFICATIONS

Clarifications on DIR-3 KYC or DIR-3 KYC-WEB

- MCA has launched “DIR-3-KYC-WEB” for doing KYC of Directors along with Form DIR-3 KYC.
- MCA has extended the date of filing of DIR-3 KYC WEB/ DIR-3 KYC till September 30 of immediate next financial year.
- MCA has clarified that the individuals who has already filed DIR-3 KYC in the previous Financial Year shall submit a web-form ‘DIR-3 KYC-WEB’ subject to no change in the e-mail Id and Mobile no. as given in the previous Financial Year.

In case of any change in e-mail Id and Mobile no. as given in the previous Financial Year Form DIR-3 KYC to be file to update such details.

Source: http://www.mca.gov.in/Ministry/pdf/ThirdAmendRules_25072019.pdf dated August 5, 2019

Fee for filing of e- Form DIR-3 KYC or DIR-3 KYC-WEB

MCA has provided the schedule of fees for filing of e- Form DIR-3 KYC or DIR-3 KYC-WEB, which is as follows:

S. No.	Filing period	Fees
1.	Till September 30, 2019	Zero
2.	After September 30, 2019	INR 5,000

Source: http://www.mca.gov.in/Ministry/pdf/FourthAmedRules_25072019.pdf dated August 5, 2019

Relaxation of additional fees and extension of last date of filing of Form BEN-2 under the Companies Act, 2013

MCA has extended the last date of filing of e-Form BEN-2 up to September 30, 2019

Source: http://www.mca.gov.in/Ministry/pdf/GeneralCircular_29072019.pdf dated July 29, 2019

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