



## ***NEWSLETTER 03/JUNE 2020***

***Dinesh Rathi & Associates***

***Chartered Accountants***

***302, Bhamini Arcade, opp Rohan Kritika, Sinhgad***

***Road, Pune 411030***

***Ph. 8956363411 email: info@draca.co.in***

***In this newsletter we have compiled the information on recent changes in direct and indirect taxes and Custom and company law to the extent applicable on routine transactions and to all type of clients.***

### ***1. Direct Tax:***

#### ***A. Changes in TDS provisions:***

***As per latest CBDT guidelines, Section 194N of the Income-tax Act, 1961 (which casts a liability on the bank to deduct taxes at source ('TDS') at the rate of 2% in case of cash payments exceeding Rs. 1 crore made during the previous year) has been amended vide Finance Act 2020.***

***The amended provisions, which apply with effect from 1 July 2020, require every banking company, to whom the Banking Regulation Act, 1949 applies, to deduct TDS at the rate of 2% on payment of any sum, in cash exceeding Rs.1.00crore.***

***The amended provisions also require that in case the customer is liable to file his tax returns for all or any of the 3 previous financial years immediately preceding the year in which the cash withdrawal is being made and has not filed any of these applicable tax returns before the statutory due date, the TDS deducted by the Bank shall be:***

*2% where the amount or aggregate of amounts being withdrawn in cash is between Rs. 20 lakh and Rs.1 crore; and 5% where the amount or aggregate of amounts being withdrawn in cash exceeds Rs.1 crore*

*The tax will be deducted on the amount of cash withdrawal in excess of the applicable limits.*

*The thresholds have to be calculated with reference to the financial year and across all accounts maintained by the customer with the Bank.*

*B. Clarifications in respect of prescribed electronic modes under section 269SU of the Income-tax Act, 1961 - Circular No. 12/2020, dated 20-05-2020.*

*Vide this circular, the CBDT has clarified that the provisions of section 269SU shall not be applicable to a specified person having only B2B transactions (i.e. no transaction with retail customer/consumer) if at least 95% of aggregate of all amounts received during the previous year, including amount received for sales, turnover or gross receipts, are by other than cash.*

*C. Cost Inflation Index for Financial Year 2020-21 notified - Notification No. 32/2020, dated 12-06-2020*

*The CBDT has vide this notification, notified Cost inflation index for Financial Year 2020-21 as 301.*

*D. Amendment of the Income-tax Rules, 1962 to provide for applicability of Safe Harbour Rules for A.Y.2020-21 - Notification No. 25/2020, dated 20-05-2020*

*Vide this Notification, sub-rule (3B) has now been inserted to provide that the provisions of sub-rules (1) & (2A) of Rule 10TD shall apply for the AY 2020-21.*

## **2. Udyam Registration: New process for MSME registration launched**

**A. Udyam Registration:** A new process of classification and registration of MSME Enterprises was launched on July 1, 2020 under the name of '**Udyam registration**'. The Union Ministry of Micro, Small and Medium Enterprises (MSME) had made the announcement regarding the same through a notification on June 26.

The MSME Ministry launched a new portal for Udyam Registration- **[www.udyamregistration.gov.in](http://www.udyamregistration.gov.in)**. The portal will help guide the s the entrepreneurs step by step as to what they should know, what they should do.

### **How to register MSME using Udyam Registration Portal?**

The new MSME registration process is completely online, paperless and based on self-declaration. No documents or proofs are required to be uploaded for registering an MSME.

### **What will be required for Udyam Registration?**

The user will need to provide their 12-digit biometric Aadhaar number for the registration process.

### **Key Highlights**

- A registration number will be given after completion of the entire process and Udyam Registration Certificate will be issued.
- The Udyam Registration Certificate will have a dynamic QR Code from which the web page on the Portal and details about the enterprise can be accessed. There will be no need for renewal of the registration.
- The PAN & GST linked details on investment and turnover of enterprises will be taken automatically from the respective Government databases.
- The MSME Ministry's online system will be fully integrated with Income Tax and GSTIN systems.

- *The MSMEs that have EM-II or UAM registration or any other registration issued by any authority under the Ministry of MSME, will also have to re-register themselves on the portal.*
- *No enterprise will be allowed to file more than one Udyam Registration. Any number of activities including manufacturing or service or both may be specified or added under one Registration.*
- *The government's facilitated mechanism - single window systems at Champions Control Rooms and DICs will help people in this process.*
- *The registration process will be completely free of cost, no fees will be required to be paid for the same.*

### ***Udyam Registration Benefit***

*According to the MSME Ministry, the new MSME registration process will be extremely simple, seamless and entrepreneur-friendly. It will also help set an example in Ease of Doing Business, not only in India but internationally as well. It will also reduce transaction time and costs and the entrepreneurs and enterprises will be able to focus on their real work and become globally competitive.*

### ***3. Indirect Tax:***

#### ***A. GST Compliance relaxations – Waiver or reduction of Late fees – GSTR 3B***

*CBIC has issued **Notification No. 57/2020-Central Tax dated 30-06-2020** waiving/reducing late fees on filing of **GSTR 3B for the months of May 20 to July 20 by 30<sup>th</sup> September 20.***

*This relief is for all class of normal taxpayers (Turnover below 5 Crores and above Rs 5 Crores).*

*Earlier **Notification No 52/2020-Central Tax dated 24<sup>th</sup> June, 2020** has accorded similar relief for GSTR 3B returns for the return period July 2017 to Jan 2020. For returns pertaining to February to April 20 relief was accorded during lockdown.*

Summary of the notification is presented in lucid manner for easy understanding-

<b>S. No</b>	<b>Return Period</b>	<b>Tax Payable</b>	<b>Maximum Late fees</b>	<b>Return filing deadline to avail benefit</b>
1	May 20, June 20 and July 20	Other than NIL Return	Maximum late fees of Rs 250 each under CGST and SGST/UTGST per return period	To avail this benefit one has to file returns for May - July 20 by 30 <sup>th</sup> September 20
2	May 20, June 20 and July 20	NIL Return	No late fees	

**B. Professional Tax Act – Late fees waiver:**

Due to Covid 19 pandemic and other technical glitches the State government has brought some relief to PT tax payer by giving waiver in late fees. As per circular dated 22.06.2020 the Professional Tax payers (Employers) who could not pay the tax or upload returns due to Covid 19 pandemic are allowed to file the pending PT returns for the period up to June 2020 without payment of late fees provided that if they file it on or before 31.07.2020 and pay the tax in full along with interest if any on or before filing of the returns.

C. The 40th GST Council in its meeting held on 12th June, 2020, has made the following recommendations on Law & Procedures changes.

**• Measures for Trade facilitation:**

*(a) Reduction in Late Fee for past Returns: Late fee for non-furnishing FORM GSTR-3B for the tax period from July, 2017 to January, 2020 is 'NIL' if there is no tax liability and upper capped to Rs 500/- per return if there is any tax liability, provided all GSTR-3B returns are furnished between 01.07.2020 to 30.09.2020*

*(b) Relief for taxpayers having aggregate turnover up to Rs.5 crore ("Small Taxpayers") for tax periods*

*- February, March & April 2020: Rate of interest reduced from 18% to 9%, till 30.09.2020, if the return (GSTR-3B) for February, March and April, 2020 are filed beyond the specified dates (staggered upto 06.07.2020) for Small Taxpayers.*

*- May, June & July 2020: Late fees and interest will be waived if returns (GSTR-3B) for May, June and July 2020 is furnished upto 30.09.2020 (staggered dates to be notified) by Small Taxpayers*

*(c) Extension in period for seeking revocation of cancellation of registration: Where GST registration has been cancelled upto 12.06.2020, a one-time option to apply for revocation of cancellation of registration has been provided upto 30.09.2020.*

#### ***D. Furnishing of a nil return in FORM GSTR-3B by SMS made effective:***

*The Central Government vide Notification No. 44/2020- Central Tax dated 8th June, 2020 appointed 8th June, 2020, as the date from which Rule 67A (Manner of furnishing of return by short messaging service facility) shall come into force to allow the registered person to furnish a Nil return in FORM GSTR-3B for a tax period, through a short messaging service (SMS) using the registered mobile number and verifying the same based on One Time Password facility.*

#### ***E. Extension of validity of e-way bill generated on or before 24.03.2020***

*The Central Government vide Notification No. 47/2020-Central Tax dated 9th June,2020, extended the validity period of e-way bill generated on or before the 24th March, 2020 and whose validity has expired on or after the 20th March, 2020, till 30th June, 2020.*

#### **4. Customs and company Law:**

##### **A. Import of Goods and Services – Extension of time limits for settlement of import payments**

*A.P. (DIR Series) Circular No. 33 dated May 22, 2020 In view of the disruptions due to outbreak of COVID- 19 pandemic, it has been decided to extend the time period for completion of remittances against such normal imports (except in cases where amounts are withheld towards guarantee of performance etc.) from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020.*

##### **B. Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013**

*Ministry of Corporate Affairs has come out with a new scheme called “Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013”. The Purpose of the scheme is to condone the delay in filing certain forms related to creation/ modification of charges.*

