

# PKP NEWSLETTER

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## Happy holidays!

We wish you the best for the Christmas season as well as the start of the upcoming new year! The initiative of the members of the firm toward the sharing of knowledge is constantly growing. As such, we find ourselves proudly putting forth the second edition of this newsletter. With a plethora of new ideas and suggestions presented to us by you, the readers, we are constantly diversifying the nature of this newsletter's content.

We hope that this edition will be useful to you in both work and other areas. As always, your suggestions are welcome!

Sincerely

**The PKP Presentation team**

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## Automation in Audit and Finance – an Introduction

**G.G. Prabhakaran**  
Partner

*“Be the Change you want to see in the world” – Mahatma Gandhi*



Organizations world over are challenged by ever changing economic conditions, technological developments, or consumer preferences, thereby forcing organizations to adopt smart automation solutions. Technological revolution is underway, and it offers huge potential to use technology for reassigning resources and improving data quality and process efficiency. As referred by World Economic Forum, we are at the cusp of “Fourth Industrial Revolution,” and central to which is the development and adoption of automated technologies.

**Technology is transforming the accountancy profession, and has the potential to revolutionize audit.**

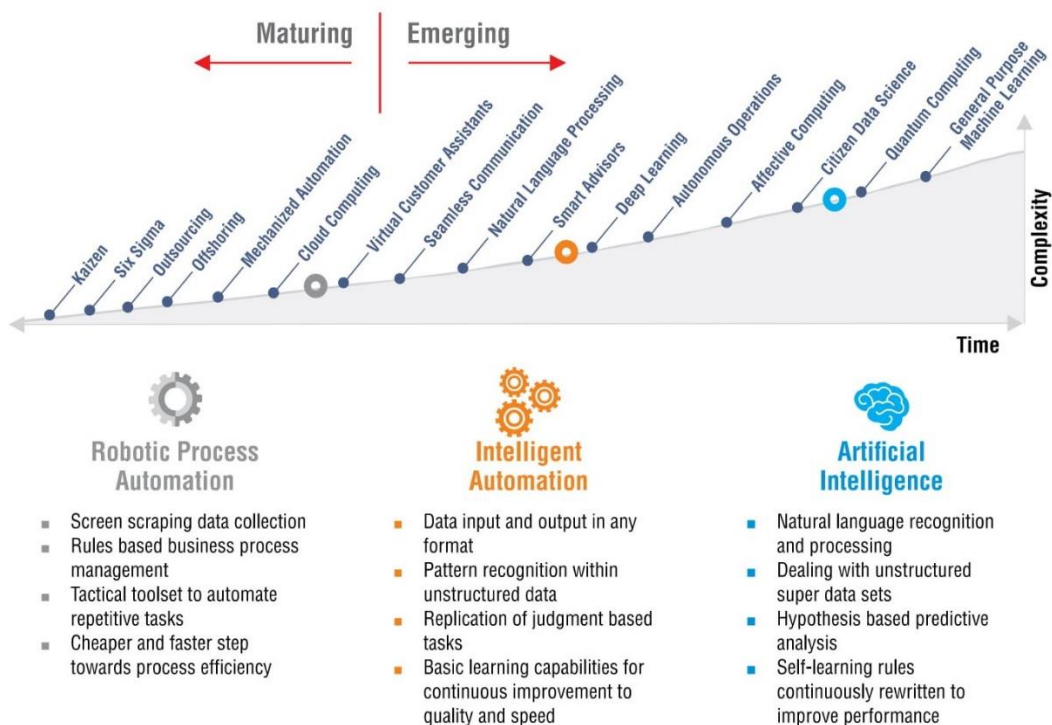
Robotic process automation, data analytics, artificial intelligence, machine learning, distributed ledger technology and blockchain to name but a few: a seemingly endless list of transformational technologies at varying stages of evolution is already having, and will continue to have, an indelible impact on the audit and accounting process. Technology of course is never the panacea to resolving all the current challenges in audits, or conversely seizing all of its future opportunities.

Like all transformational stories, technology in the audit story is the enabler; an enabler to renew processes that improve quality and increase efficiency. It is also a catalyst that will help shift the focus of the audit process from a retrospective view to one which is prospective, enabling

much deeper insights to clients and an enriched narrative on corporate performance and its sustainability for the future. Yet it is the nexus of emerging technology with human endeavor, skill and judgment where real future value from auditing will be unlocked. In the face of exploding technologies, audit remains at its heart a very human activity. That said, digital developments could have profound implications for how auditors conduct their activities, as well as potentially raising new ethical and moral considerations. This topic assesses and covers the evolution of technologies and technologies having most impact in the auditing and accounting profession and how to adopt to the technological change in audit firms and as audit firms where we standing now in digital competency.

## AUTOMATION IS NOT A NEW AGENDA

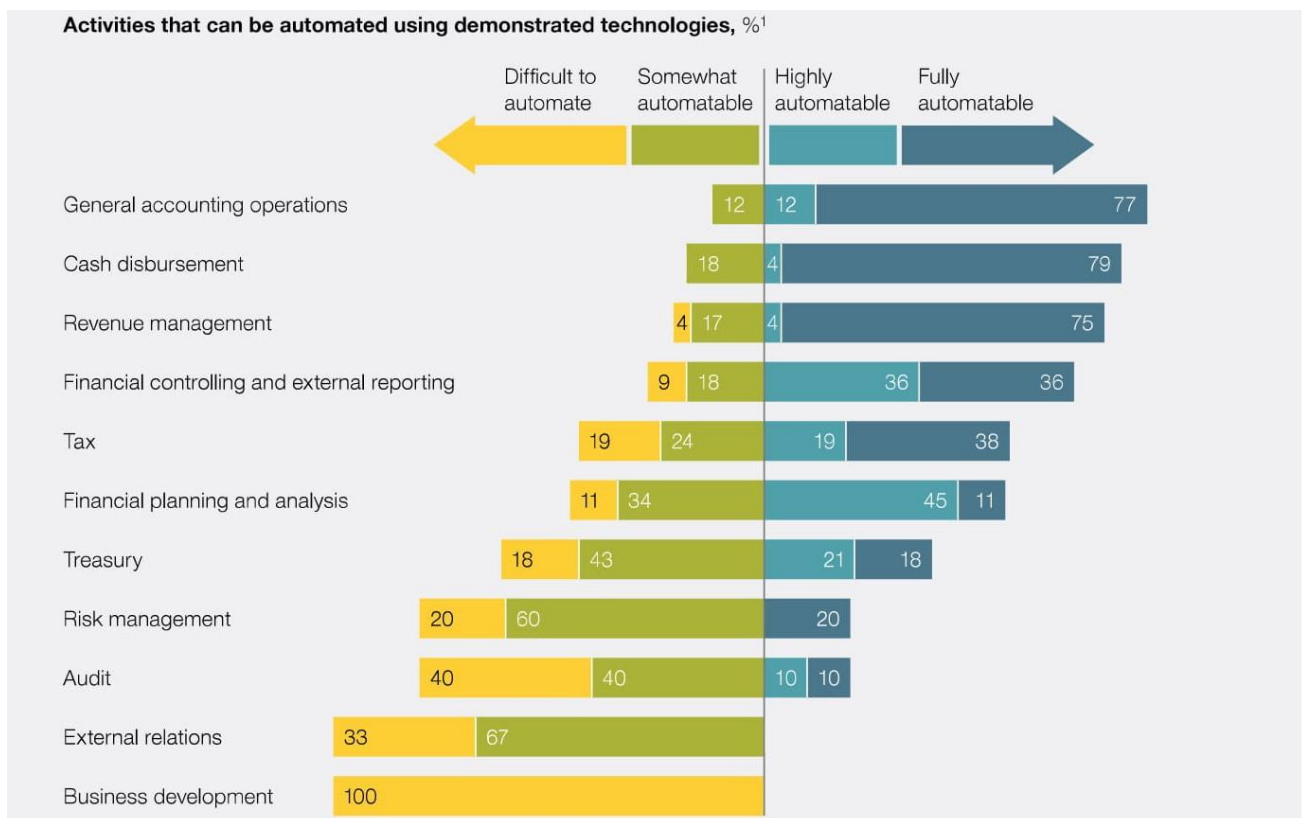
The companies are well accustomed to selecting from different automation choices. Using process improvement methodologies including Lean Kaizen and Six Sigma, the finance team has a long history of successfully implementing tactical solutions such as simple macros and workflow tools, through to more complex IT infrastructure led deployments and ERP enabled transformations. Interestingly, these historical approaches and tactical solutions are now being used in conjunction with emerging technologies to yield significant benefits. Evolution of Automation has been given as a snapshot below:



## Extent of Automation:

As in other business settings where automation has become increasingly viable, its implications in finance look to be disruptive for companies. The trend raises issues that executives must consider as they adopt a more automated finance operating model, whether internally or through outsourcing. For starters, automating the finance function may be enticing conceptually, but benefits can be elusive. The company needs a clearer understanding of what kinds of activities can be automated. To take full advantage of the opportunity, they'll also need to rethink processes and organizations around the technology in a fundamental way. And they will need to manage the disruption to get through the effort without breaking an already stretched function.

Finance organizations perform a wide range of activities, from collecting basic data to making complex decisions and counselling business leaders. As a result, the potential for improving performance through automation varies across sub-functions and requires a portfolio of technologies to unlock the full opportunity. As we said earlier about the current technologies like Robotic process automation, Intelligent process automation Artificial intelligence machine learning etc.. McKinsey Global Institute's automation research, found that to what extent the finance and audit activities can be automated (Exhibit 1, below).



## Drivers of Technological Change in Audit & Finance:

In order to meet society's expectations of today and to remain relevant within the environment we operate, we have the responsibility of transforming the way we deliver on our obligation to the public. This transformation includes our response to the advances of technology-based solutions. The latest advances in technology promise significant benefits for the audit profession, with a number of key drivers signaling the need for technological change in audit. Such drivers include:

- rapid increase in volume of data,
- changes in business models,
- the shift towards automation and
- demand for a proactive and forward-looking approach to audit.

These developments require auditors to be technologically sound to enable them to continue servicing businesses and to execute high quality audits.

## Adoption of Digital Technologies in Audit firms :

For audit organizations that intend to exploit the power of Digital , three factors will influence the ease of adoption and the quality of outcome:

Mindset

Toolset

Skillset

### Adapt a Digital Mindset

There's no criticism, stated or implied, in the observation that auditors are typically conservative, traditional, and resistant to change. These traits have served the professional well for a century or more. However, 21st century auditing requires a new way of thinking that values innovation, fosters creativity, and embraces technology. Those who fail to keep up with the rapid changes in the profession will quickly be marginalized.

#### Exploring Digital

Leverage traditional technologies to automate existing capabilities technology and fast movers.

#### Doing Digital:

Leverage digital technologies to extend capabilities, but still largely focused around current business, operating and customer models

#### Becoming Digital:

Leverage digital technologies - becoming more synchronized and less soloed - with more advanced changes to current business, operating, and customer models

#### Being Digital:

Digital is not something separate. It is completely woven into the fabric (DNA) of the organization.

## **Skillset evolution:**

A broader base of skills is needed within the modern audit shop. Traditional CA backgrounds will still be valued, but these talents must be augmented with non traditional abilities and perspectives, such as those found in mathematicians and systems engineers. Auditors of the future will spend more time working in four key areas: exception routines, supervision and control, unstructured processing, and root cause analysis.

## **Polymath**

A polymath is someone who has expertise and knowledge in a number of different subject e.g. blockchain, analytics, regulations, etc.

Rather than solely specializing in specific areas, polymaths can identify and assess different risk areas and collaborate across disciplines. They are your innovators, early adopters and self-starters.

Under Re-defined Audit , Audit functions will include more polymaths who possess the skills required to provide assurance on truly great risks, driving value to the organization.

## **Purple Person**

Purple people are those who possess a mix of business and technology skills, going further than the traditional knowledge of an IT Auditor.

The combination of business and technology is becoming prevalent in Audit as organizations are looking for increased efficiency and value from internal audits.

Under Re-Imagined Audit, audit functions include purple people with expertise in technology (e.g. robotics, artificial intelligence, etc.) in order to deliver efficient and meaningful audits.

## **New Tools Which Provide Opportunities in Audit:**

Businesses across almost every industry are experiencing at first hand the disruptive changes that are also affecting their auditors. We mentioned below which advanced technologies are impacting the audit profession, referring to both the tools available to auditors and the systems that need to be audited. Detailed study on these advanced technologies will be carried over in the upcoming monthly newsletters. **Robotic Process Automation , Intelligence Process Automation, Artificial Intelligence, Data Analytics, Machine Learning, Natural Language Processing, Deep Learning, Drone Technologies, Sensor Technologies, Distributed Ledger Technology (DLT), Smart Contracts, Cloud Technologies, Block Chain and Internet of Things .**



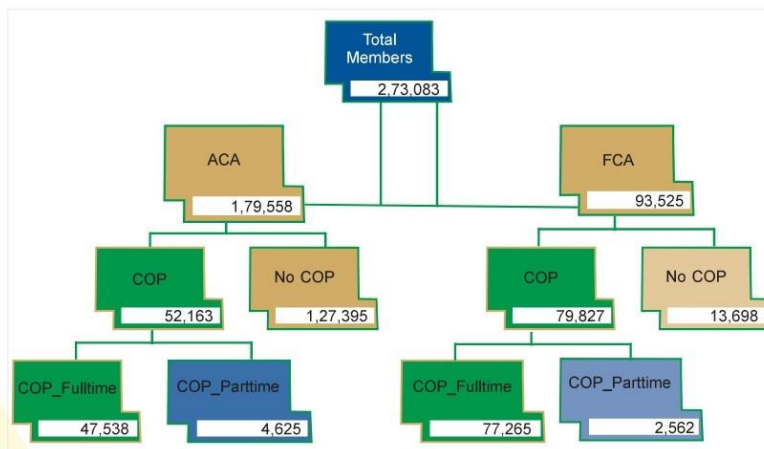
## Where to start:

Globally technology offers the ability both to improve the quality of audit and to add value to it: audit is moving from being a reactive, backward-looking exercise to a proactive, predictive, forward-looking one, working in real time. As such, it provides further opportunity to help businesses through timely insights.

Globally the Pace of the digital is putting new pressure on audit to adapt. The Audit Profession globally is largely Small and Medium Practitioner (SMP) based, serving the whole Small and Medium Enterprises (SME) universe which constitutes a significant part of any economy and in many cases also as niche firms serving large entities. The same trend is true in the Indian context also. A glimpse of the total Audit firms in India as on 01.01.2019 has been given below:

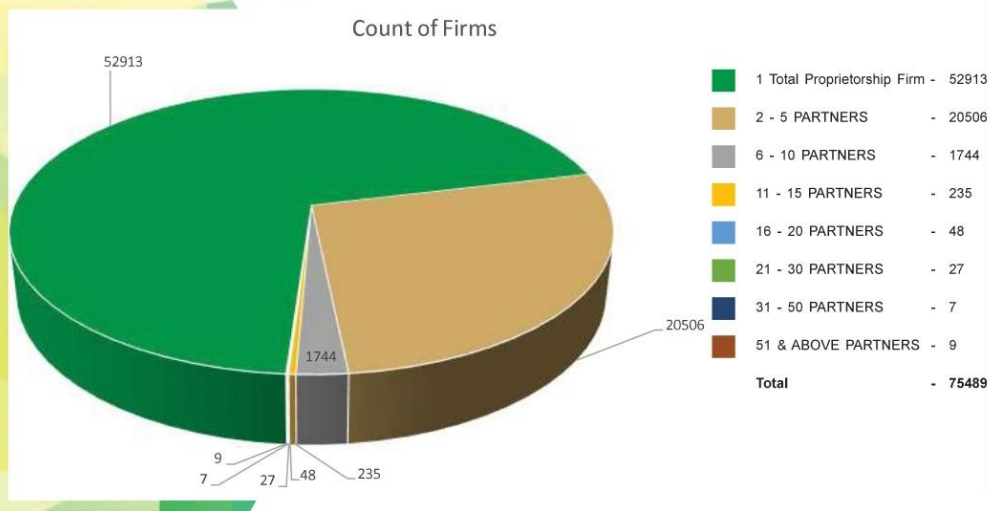
## Chartered Accountants in India – A Glimpse

As on 1st January, 2019 the total Membership of ICAI is 2,73,083. The details are given in the chart below



The total registered firm with ICAI as on 1st January, 2019 is 75,489 Firms. The bifurcation is given in the Chart below.

### Number of Partners based Firm



As we seen from the above out of 75489 total audit firms around 73000 firms partners are less than 2 to 5 partners or proprietorship. Before thinking of adopting the advanced technologies for Audit, the CA firms need to do a self-evaluation of their own firms under digital competency.

At The Institute of Chartered Accountants of India (ICAI), the Council constituted the Digital Accounting and Assurance Board (DAAB) as an enabling Board to proactively assess the impact of digitization on accounting and audit. The ICAI has published The instant toolkit, the “Digital Competency Maturity Model (DCMM) for Professional Accounting Firms – Version 1.0” has been developed for self evaluation and is intended only to be a self assessment tool for rating their current digital capabilities, to build a strategy for up skilling and to leverage the opportunities which will unfold in the digital era.

This self-evaluation process would be wholesome when the model questions are filled up after debate/discussion among all the partners of the firm to know the “as is where is position” of digital competency with the firm. The objective is that the Audit firms, irrespective of the size, assess the current level of Digital Competency and identify steps to move up the model and calibrate their functioning to the emerging context. The Digital Competence Maturity Model(DCMM) ICAI Link is given below for detailed understanding: <https://resource.cdn.icai.org/47921daab37895dcmm.pdf>

**Level of Automation of the Firm’s internal processes:** Intending to cover aspects like, level of usage of IT for it’s own internal processes like, billing, document management, employee attendance and work tracking, protecting its digital identity like, domain name, social media presence, etc.

**Availability of Qualified Resource Pool and Talent Development relating to Digital Competencies:** Intending to cover aspects like number of skilled staff with requisite qualifications, training initiatives on IT, On demand Online Training etc.

**Level of Automation relating to Audit Processes and Nature of Audit Services being rendered:** Level of automation at client’s end, access to automated audit tools, training of employees on audit tools, ability to handle digital evidence, Information Technology etc.,

Conclusively, the real return on time savings from Adopting the new automation technology in audit comes when you take the time that was saved and use it to generate more revenue. Its just an introduction to automation in audit and finance and in the upcoming newsletter we shall be discussing about further insights on the each Automated technologies in detail.

# RBI's Monetary Policy: Repo rate

**S. SUNDAR RAJAN**  
Manager



**Finance and  
Economy**



The country's central bank, Reserve Bank of India (RBI), in our country controls the supply of money, interest rate, flow of credit, monitoring forex rate stability, and taking steps to increase economic growth or GDP.

During 1956, the concept of monetary policy was introduced in a simple manner and has undergone many changes based on trial and error. Earlier the Credit Monetary Policy of RBI was twice a year, one during the peak season and the other during the slack season. This is generally based on the agricultural seasons.

Nowadays to ensure timely application of required modifications/ tools, such policies are announced bimonthly.

RBI maintains statistics on money supply and inputs/data on various other parameters .like credit, forex, inflation, interest rate etc. Required modifications are arrived at from such inputs. After due discussions with the Monetary Committee, the changes are included in the Monetary policy for effective implementation. When money supply is increases, inflation increases, the RBI then decides to reduce the money supply by increasing the interest rate, thereby credit becomes more expensive. Where the money supply is short, in order to increase the money supply, RBI reduces the interest rate, thereby credit becomes cheaper.

Such policy objectives focus on price stability, controlled credit expansion, promotion of fixed investment, restrictions on stocks and inventories, to promote efficiency, reduce rigidity, stabilize exchange rates, easing balances of payments, forex reserves etc. aiming at increased GDP. The periodic review of such policy objectives control flow of credit to various sectors like agriculture, industry, Exim, education, housing, infrastructure etc. without concentrating on big few borrowers. The minimum and maximum level of finance against various sectors are periodically reviewed and modified.

## Bank rate

Bank rate also known as the discount rate is the official minimum rate at which the central bank of the country is ready to re discount approved bills of exchange or lend on approved securities to commercial banks.

## Repo Rate and Reverse Repo Rate

Repo rate is the rate at which RBI lends to banks generally against government securities. This is generally a short term credit from RBI to ease liquidity in the banking system. Maximum period is a fortnight. Under this scheme RBI purchases from scheduled commercial banks, approved securities, viz. Government of India Securities, State Government securities held in SGL (Subsidiary Ledger Account) account with RBI on the condition that such securities are brought back by the same bank at an agreed rate after agreed period.

A reduction in repo rate helps the commercial banks to get money at a cheaper rate and increase in repo rate discourages the commercial banks to get money as the rate increases and becomes expensive. Reverse repo rate is the rate at which RBI borrows money from the commercial banks. Money supply is reduced from the Banking system.

The policy concentrates on various rates mentioned below and the latest rates as on 04/10/2019 are as under.

Indicator	Current rate
<b>Inflation</b>	2.86%
<b>CRR</b>	4.0%
<b>SLR</b>	18.75%
<b>Bank rate</b>	5.40%
<b>Reverse Repo Rate</b>	4.90%
<b>Repo Rate</b>	5.15%
<b>GDP growth rate</b>	6.1%

Generally, the monetary policy is focused on the above key rates. Change in such rates are announced in this policy to have immediate effects on money supply, credit control mechanism and economic growth thereby aiming at increased GDP.





**S. Balaganesh**  
Manager

## Income Computation and Disclosure Standards: An overview.



Ever since the introduction of income tax in India, the computation of income under the various heads has been subject matter of many disputes especially computation of income under the head “Profit and Gains of Business or Profession”. Such computation was generally based on the accounts maintained by an assessee, and was dependent upon the method of accounting, subject to the adjustments for deductions, allowances and disallowances provided under the Income-tax Act, 1961. This position has changed significantly after introduction of Income Computation and Disclosure Standards (ICDS).

### **About ICDS**

In exercise of the powers conferred by section 145(2) of the income tax act 1961, the central government has notified the Income computation and disclosure standards (ICDS). The CBDT has notified 10 ICDS out of 12 which are applicable from Assessment year 2017-18. ICDS are applicable only for the computation of taxable income and not for the maintenance of books of accounts.

### **Objective**

ICDSs have been issued to bring uniformity in accounting policies governing computation of income for taxability under the act and also reduce the irregularities among them.

**Applicability** – The CBDT has clarified that the general provisions of ICDS shall apply to all persons including banks, NBFCs, insurance companies etc, unless there are sector specific provisions contained in the ICDS or the act.

# Direct Tax



**Accounting standards** – The ICDS shall applicable to every company irrespective of the accounting standards (Accounting standards or Ind- As) adopted by them.

**Heads of Income** – Every assessee earning income taxable under the head Profits and gains of business or profession or income from other sources or both is required to compute the taxable income in accordance with notified ICDS.

**Method of accounting** – The ICDS is followed only if the assessee maintains accounts as per the ‘Mercantile system’ of accounting.

**Threshold limit** – Irrespective of the amount of turnover or taxable income, ICDS is applicable to every assessee subject to certain exceptions

## Exceptions

Exemptions are awarded to individuals and HUFs who are not liable for tax audit U/s 44AB for the previous year. However

the CBDT has clarified that the relevant provision of ICDS shall apply to the person (other than Individual and HUF) opting for the presumptive taxation scheme.

An exemption is also available for MAT Computation. However, the ICDS provisions are applicable where the assessee is liable to pay Alternative Minimum Tax (AMT) u/s 115JC, as AMT is computed on one’s adjusted total income which is derived by making specified adjustments to total income computed as per the regular provisions of the act.

## ICDS vs. other provisions

**Income tax act** – In the event of a conflict between the provisions of Income tax act or rules and ICDS, the rule or act as the case may be shall prevail over ICDS.

**Judicial Precedents** – The ICDS provisions are found to be inconsistent with judicial precedents, then the provisions of

ICDS shall prevail over the judicial pronouncements made before Assessment Year 2017-18. The CBDT has notified following 10 Income Computation and Disclosure Standards. ICDSs are applicable with effect from 1st April 2016 (AY 2017-18) onwards. The corresponding AS and Ind-As for ICDS are provided below:

ICDS No	Name of the ICDS	Corresponding AS	Corresponding Ind-As
ICDS I	Accounting Polices	AS 1	Ind AS 8
ICDS II	Valuation of Inventories	AS 2	Ind AS 2
ICDS III	Construction Contracts	AS 7	Ind AS 115
ICDS IV	Revenue Recognition	AS 9	Ind AS 115
ICDS V	Tangible Fixed Assets	AS 10	Ind AS 16
ICDS VI	The effect of change in Foreign Exchange Rates	AS 11	Ind AS 21
ICDS VII	Government Grants	AS 12	Ind AS 20
ICDS VIII	Securities	AS 13	Ind AS 32,107 and 109
ICDS IX	Borrowing costs	AS 16	Ind AS 23
ICDS X	Provisions, Contingent liabilities and Contingent Assets	AS 29	Ind AS 37

To conclude, the computation of income under the income tax act is affected to a major extent by the application of ICDS. The assessing officer will proceed with a Best Judgement assessment U/s 144 of Income tax act if the assessee does not follow ICDS for the computation of income.



## Ind AS 1 – Presentation of Financial Statements

**Raveena Devanesan**  
Article Assistant

Indian Accounting Standard 1: Presentation of Financial Statements or Ind AS 1 is an accounting standard adopted by the Accounting Standard Board of India. It lays out the guidelines for the presentation of financial statements and sets out minimum requirements of their content. The guidelines and principles laid down in this standard apply only to general purpose financial statements and not for specific purpose financials.

	24,000	24,000	24,000	24,000	24,000
Sales	24,000	24,000	24,000	24,000	24,000
Direct costs of goods	6,000	6,000	6,000	6,000	6,000
Payroll	3,500	3,500	3,500	3,500	3,500
Other	6,400	6,400	6,400	6,400	6,400
Cost of goods sold	15,900	15,900	15,900	15,900	15,900
Gross Margin	8,100	8,100	8,100	8,100	8,100
Gross Margin%	33.75%	33.75%	33.75%	33.75%	33.75%
Operating Expenses	2,000	2,000	2,000	2,000	2,000
Sales and Marketing Expenses	2,000	2,000	2,000	2,000	2,000
Sales and Marketing payroll	0	0	0	0	0
Advertising	0	0	0	0	0
Other	0	0	0	0	0
Operating Profit	6,100	6,100	6,100	6,100	6,100

A complete set of financial statements comprises:

- a balance sheet as at the end of the period ;
- a statement of profit and loss for the period;
- Statement of changes in equity (SOCIE) for the period;
- a statement of cash flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information; and comparative information in respect of the preceding period.
- The third balance sheet, if applicable (refer annexure 2)

### Balance sheet

The schedule III of Companies Act suggests a vertical format of balance sheet with assets and liabilities classified into current and non – current. However Ind AS 1 does not specify regarding vertical or horizontal format and it gives two options for presentation of assets and liabilities.

- Current/ Non – current
- Liquidity order (i.e. presenting highly liquid assets first and so on)

Note: As per the specific clause in Schedule III of said act “The disclosure requirements specified in this Schedule are in addition to and not in substitution of the disclosure requirements specified in the Accounting Standards prescribed under the Companies Act, 2013” hence liquidity order can also be used if financials prepared under this order are more reliable and relevant.



## **Profit & Loss Account**

The Profit and Loss Account as per Ind AS has three components namely

1. P&L section
2. Other comprehensive Income section (OCI section)
3. Total comprehensive Income (total of the above two sections)

The other Indian Accounting Standards will specify how each item has to be accounted and how it flows through P&L section and OCI section.

The P&L section comprises of items or events that are due to the efforts of the management and OCI section deals with events which are due to inflation or market changes etc. (i.e. which cannot be controlled by the management and for which the management cannot be held responsible.)

There are two types of items that flows into the OCI section, namely

### **1. Items that are reclassified to P&L subsequently**

These are items that hit OCI section first and then are reclassified into the P&L section. (Refer Annexure 1)

### **2. Items that are never reclassified to P&L**

Different standards specify certain items as non- recyclable i.e. cannot be reclassified to P&L.

## **Structure of SOCIE**

A new element in Ind AS compared to IGAAP is this Statement of changes in equity. This is just a statement for disclosure and has no impact on the way of accounting. Any transaction during the year that affects the owner's fund (equity) shall be reflected in this statement.

**For example the following transaction shall be disclosed in SOCIE:**

1. Net profit or loss attributed to shareholders.
2. A decrease or an increase in share capital reserves.
3. The dividend payments made to shareholders
4. Any changes in accounting policy that affects the equity.
5. Any corrections of prior period errors that has impact on equity.



## Key points

### **1. True and fair representation**

The representation made by the financials has to be true and fair and when all the principles laid by the Indian Accounting standards are duly followed the financials are presumed to be true and fair. However Ind AS also allows an option to deviate from the principles laid if such deviation will make the financials more reliable and relevant or following the principles would mislead the users of financial statements.

### **2. Minimum Comparative Information**

An entity shall present, as a minimum, two balance sheets, two statements of profit and loss, two statements of cash flows and two statements of changes in equity, and related notes. The third Balance sheet shall be made if applicable.

### **3. Offsetting and aggregation**

Material items of similar class can be grouped. For example: Employee benefit expenses. Non material items of similar nature can also be grouped. For example: Miscellaneous expenditure.

Offsetting is not allowed unless it is specifically stated by any Accounting Standard. However the following are not considered to be offsetting

Provision for bad debts on debtors, Depreciation on Fixed Assets, Offsetting of deferred tax asset and liability etc.

There is no classification as extraordinary items in Profit and loss account under Ind AS. In addition to the three sections in P&L, the entity has to disclose the following

(a) profit or loss for the period attributable to:

- (i) non-controlling interests, and
- (ii) owners of the parent.

(b) comprehensive income for the period attributable to:

- (i) non-controlling interests, and
- (ii) owners of the parent.

An entity may present items of other comprehensive income either:

(a) net of related tax effects, or (b) before related tax effects with one amount shown for the aggregate amount of income tax relating to those items.

If an entity elects alternative (b), it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section.

Conclusion: This write up covers only the significant areas in Ind AS 1 that differs from the existing IGAAP. The intention of Indian accounting Standard is to make the financials more reliable and relevant and the same has been set as a base line in Ind AS 1 – Presentation of Financial Statements. Let's enjoy and explore a lot of interesting and logical principles in Ind AS in the coming months.

# Annexure 1

Example of items re-classified to P&L:  
There is an investment made for Rs.100 and this investment is classified as Fair value through OCI as per Ind AS 109. We account it as:

Investment A/C Dr.	100	
To Bank A/C		100

**First year there is an increment in the value of Rs. 50**

Investment A/C Dr.	50	
To OCI A/C		50

**Second year the investment was sold for Rs. 190**

Investment A/C Dr.	40	
To OCI A/C		40

(Increase in the value of investment)

OCI A/C	Dr.	90	
To P&L A/C			90

(Being the profit on sale transferred from OCI to P&L – Reclassification entry)

Bank A/c	Dr.	190	
To Investment A/C			190

(Being receipt of sales proceeds)

# Annexure 2

What is a third balance sheet?

It is a balance sheet as at the beginning of the preceding period.

This shall be prepared only when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements and it has a significant impact on the information in the balance sheet at the beginning of the preceding period.

For example: ABC Ltd is preparing its Financials for the year ending 31.03.2019. It has reclassified an asset from Non-current to current retrospectively from 2016-17. As per this accounting standard three balance sheets are to be prepared i.e.

1. BS for the period ending 31.03.2019 (Main balance sheet)
2. BS for the period ending 31.03.2018 (comparative balance sheet)
3. Balance Sheet as on 01.04.2017 (the third balance sheet)

# Equalization levy

**Monisha Preethi**  
Article Assistant



# Direct Tax

## Areas covered:

1. Background
2. Birth of Equalization Levy
3. Incidence of Charge
4. How to comply
5. Non-compliance
6. Effect of Levy
7. Short comings

## Background

The world has long moved on from bricks and mortar denoting a place of business. No longer does a business need to have a storefront or an office in a country in order to trade or provide service. Businesses in this era have become more strategic about where they base their headquarters to avoid or reduce tax. Progress is impossible without change, and those who cannot change their minds cannot change anything. Therefore governments all over the world are finding ways for taxing such business.

## The Birth of Equalization Levy:

Many online advertisement portals (e.g. Google, Facebook, Twitter) are Non Residents and do not have permanent establishments in India. Many Resident assesses make payment to them for advertisement and claim as a business expenditure under section 37 of the Income Tax Act, 1961. Now India losing its revenue since payer gets the deduction and amount received by payee is not taxable.

India's finance minister introduced an equalization levy to tax digital economy transactions on 29 February 2016, as part of his budget proposals. In accordance with the Organization for Economic Co-operation and Development (OECD)'s view as part of the global Base Erosion and Profit Shifting (BEPS) recommendation to tax e-commerce transactions "Equalisation Levy" was introduced in India in the year, 2016 vide notification no. 37/2016 as per Finance Bill 2016 with effect from 1st of July 2016. Equalisation Levy at the rate of six percent should be deducted.



## **Incidence of Charge**

Equalisation Levy is applicable if payment is made by a resident or non resident having a permanent establishment in India to a non resident not having a permanent establishment in India for providing specified services. The term specified service means online advertisement or any provision of digital advertisement space or any other facility or service for the purpose of online advertisement. The levy is applicable only if an annual accrued payment to a single service provider exceeds one lakh rupees.

## **How to comply**

The business having permanent establishment in India have to withhold 6 % from payment payable to non resident and remit it to the central government by the 7<sup>th</sup> of the following month. The same must be remitted through Challan no. 285, which can be paid either online or through authorized banks. An Annual Form 1 has to be filled by 30th June from the end of the financial year with the details of payments made to every non resident for these digital services provided as well as details of equalization levy withheld and deposited with the government.

## **Non-compliance**

In case the assessee fails to deduct whole or part of this levy a penalty equal to the amount of levy shall be imposed along with a rate of interest at 1% on such levy for every month or part of the month until payment made. In case the assessee has deducted but not paid, then he shall pay an interest at the rate of 1% on such levy for every month or part of the month along a penalty of Rs. 1000 for every day

during which failure continues, however the penalty shall not exceed the amount of equalization levy payable. In case the assessee fails to file Form 1 within due date the same can be filed within two years from the end of the financial year along with a fine of Rs. 100 for each day during which the failure continues.

## **Effect of Levy**

The total Revenue Collection during the period 1st June 2016 to 31st March 2019, the Central Government has earned a meagre amount of Rs. 1,800 crores (in 2018-19 Rs. 1,000 crores, 2017-18 Rs. 560 cr. and 2016-17 Rs. 200 crores approx.) as equalization levy.

## **Short comings**

As per Section 10(50) of Income tax act, income of a non resident from specified services is exempt provided the same is subject to equalization levy. However, it does not mean that the income of the non resident from the specified services would be charged to income tax if the same is not chargeable to equalization levy. Also the penalty for failure to deduct this levy falls on the service recipient rather than the service provider.

Through equalization levy has brought in certain multinational digital entities without permanent establishment within its scope increasing the tax base it would be of much significance if the definition of specified service is widened.

# Insolvency and Bankruptcy Ecosystem (Five Pillars of IBC)

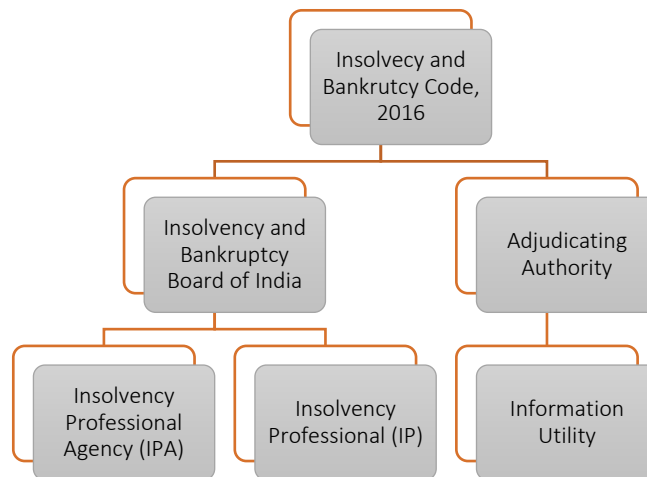


## Insolvency and Bankruptcy Code

**Nithya Murali**  
Article Assistant



The Insolvency and Bankruptcy Code, 2016 provides a new regulatory mechanism with an institutional set-up comprising of following five pillars:



### 1. Insolvency and Bankruptcy Board of India :

IBBI is the apex body governing the IBC Code, 2016. Its role is to set up necessary infrastructure and accredit Insolvency Professionals (IP's) and Information Utility (IU's).

#### a. Insolvency Professional Agency (IPA):

The Code provides for establishment of insolvency professionals agencies to enroll and regulate insolvency professionals as its members in accordance with the Insolvency and Bankruptcy Code 2016 and read with regulations. IPA will perform three following key functions:

## Regulatory unctions

- drafting detailed standards and codes of conduct through bye-laws, that are made public and are binding on all members

## Executive Functions

- monitoring, inspecting and investigating members on a regular basis
- gathering information on their performance, with the over-arching objective of preventing frivolous behaviour, and
- malfeasance in the conduct of IP duties

## Quasi- Judicial Function

- addressing grievances of aggrieved parties, hearing complaints against members and taking suitable actions

Currently there are three IPA's they are :

- i. Indian Institute of Insolvency Professionals of ICAI
- ii. ICSI Insolvency Professional Agency
- iii. Insolvency Professional Agency of Institute of Cost Accountants of India

### b. **Insolvency Professionals (IP's) :**

IPs are professionals registered with IBBI, who would act as Interim Resolution Professional/ Resolution Professional /Liquidator/ Bankruptcy Trustee in insolvency resolution process.

### c. **Information Utilities :**

Information Utilities collect, store and distribute information related to the indebtedness of Companies. NeSL is the first Information Utility under IBC, 2016.

### **Salient Features of IBC**

1. Exclusive Jurisdiction' of Adjudicating Authority: Adjudicating Authority (NCLT/DRT) will have exclusive jurisdiction in insolvency related matters. No injunction can be granted by any court, tribunal or authority in respect to action taken by Adjudicating Authority. However, any person aggrieved by the order of Appellate Authority may file an appeal to the Supreme Court.

2. Moving from "Erosion of net worth" to "Payment Default" : The Sick Industrial Companies (Special Provision) Act, 1985 relied on erosion of net worth to determine sickness, the code prescribes payment default of more than INR 1 Lakh to invoke the insolvency proceedings. New mechanism allows early detection of insolvency trend Lender can initiate the process even if the default is in respect of the debt with another lender.

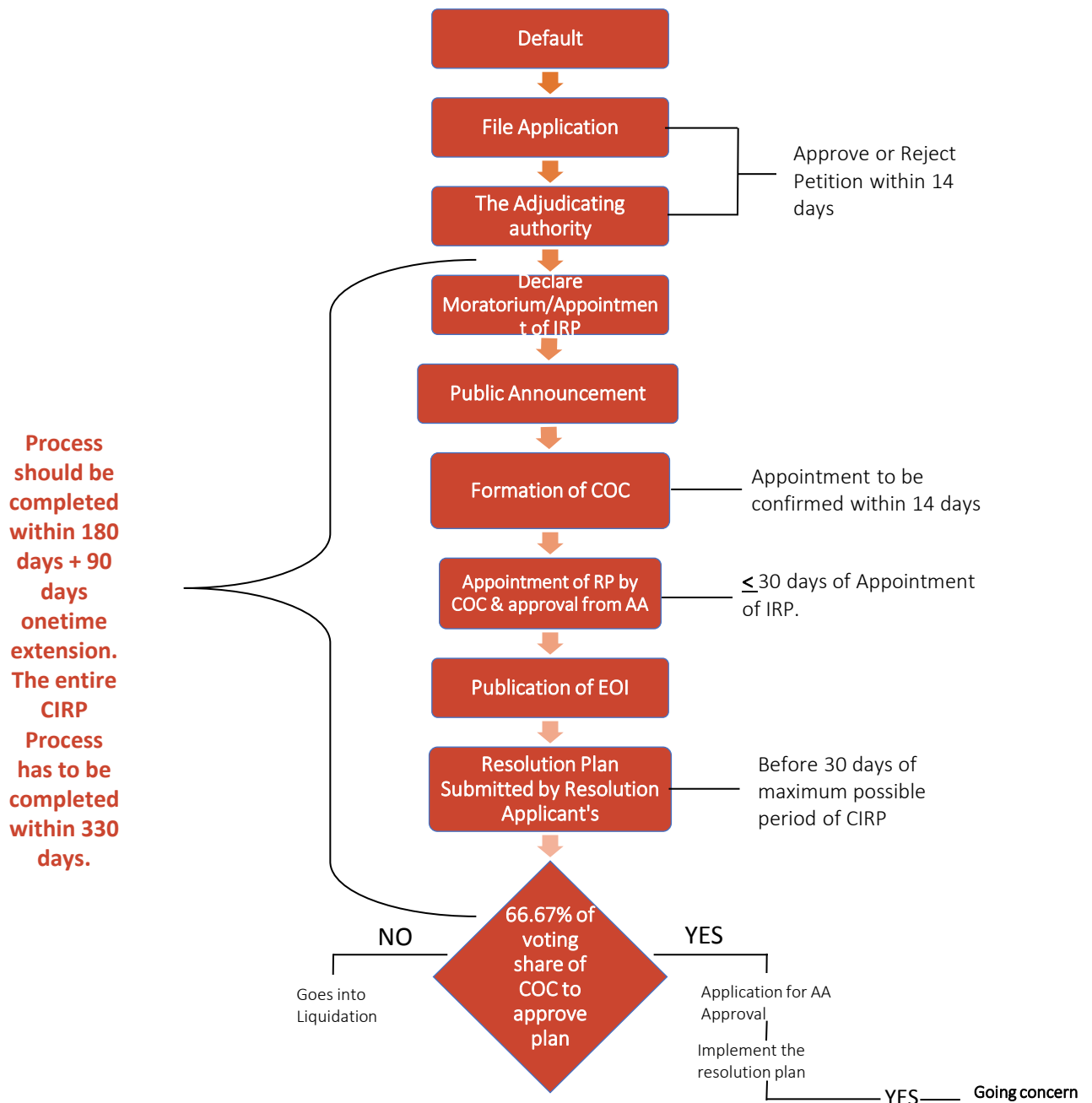
### 3. Rights to file for CIRP :

- Financial Creditor Under Section 7
- Operational Creditor Under Section 9
- Corporate applicant Under Section 10

4. Creditor in ‘possession approach’ instead of Debtor in command: The board of directors are suspended and creditor approved resolution professional is appointed to manage the Company and to run it as a going concern.

5. ‘Time bound’ resolution process: The entire process should be completed in 180 days (90 days extension with approval of AA).

## CORPORATE INSOLVENCY RESOLUTION PROCESS (CIRP) :



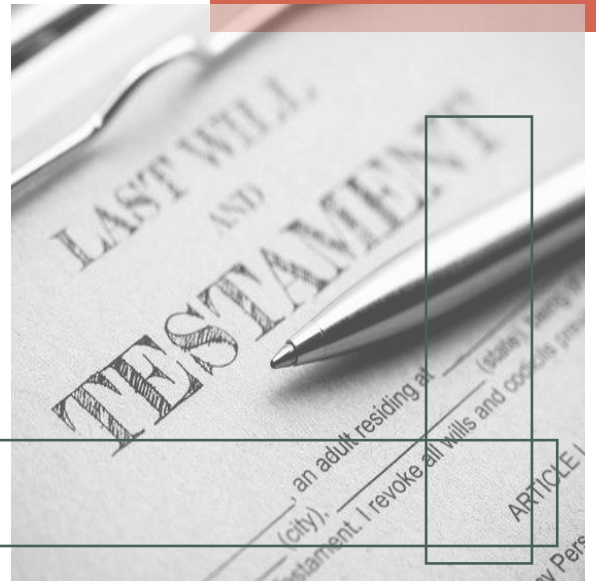




**Praveen Kumar**  
Article Assistant

## Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

“Sabka Vishwas, Trust Everyone”



The Sabka Vishwas Scheme, 2019 is a scheme proposed in the Union Budget, 2019, and introduced to resolve all disputes relating to the erstwhile Service Tax and Central Excise Acts, which are now subsumed under GST, as well as 26 other Indirect Tax enactments (as listed below). The scheme will be for taxpayers who wish to close their pending disputes, with a substantial relief provided by the government.

These are the 26 enactments to which the Sabka Vishwas Scheme, 2019, also applies-

- (i) The Agricultural Produce Cess Act, 1940;
- (ii) The Coffee Act, 1942;
- (iii) The Mica Mines Labour Welfare Fund Act, 1946;
- (iv) The Rubber Act, 1947;
- (v) The Salt Cess Act, 1953;
- (vi) The Medicinal and Toilet Preparations (Excise Duties) Act, 1955;
- (vii) The Additional Duties of Excise (Goods of Special Importance) Act, 1957;
- (viii) The Mineral Products (Additional Duties of Excise and Customs) Act, 1958;
- (ix) The Sugar (Special Excise Duty) Act, 1959;
- (x) The Textiles Committee Act, 1963;
- (xi) The Produce Cess Act, 1966;
- (xii) The Limestone and Dolomite Mines Labour Welfare Fund Act, 1972
- (xiii) The Coal Mines (Conservation and Development) Act, 1974;
- (xiv) The Oil Industry (Development) Act, 1974;
- (xv) The Tobacco Cess Act, 1975;
- (xvi) The Iron Ore Mines, Manganese Ore Mines and Chrome Ore Mines Labour Welfare Cess Act, 1976;
- (xvii) The Bidi Workers Welfare Cess Act, 1976;
- (xviii) The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978;
- (xix) The Sugar Cess Act, 1982;
- (xx) The Jute Manufacturers Cess Act, 1983;
- (xxi) The Agricultural and Processed Food Products Export Cess Act, 1985;
- (xxii) The Spices Cess Act, 1986;
- (xxiii) The Finance Act, 2004;
- (xxiv) The Finance Act, 2007;
- (xxv) The Finance Act, 2015;
- (xxvi) The Finance Act, 2016;

Effective date of implementation:

The scheme has been notified by the CBIC to come into force on the 1st of September, 2019, and shall be operational until the 31st of December, 2019.

What cases can be settled under this scheme?

The following cases are covered under the Sabka Vishwas Scheme, 2019-

1. A show cause notice or appeals arising out of a show cause notice pending as on the 30th day of June, 2019
2. An amount in arrears
3. An enquiry, investigation or audit where the amount is quantified on or before the 30th day of June, 2019
4. A voluntary disclosure

Persons not eligible to apply under this scheme

- a) who have filed an appeal before the appellate forum and such appeal has been heard finally on/before the 30/06/19.
- b) who have been issued a show cause notice, under indirect tax enactment and the final hearing has taken place on or before the 30th day of June, 2019;
- c) who have been convicted for any offence punishable under any provision of the indirect tax enactment for the matter for which he intends to file a declaration;
- (d) who have been issued a show cause notice under indirect tax enactment for an erroneous refund or refund;
- e) who have been subjected to an enquiry or investigation or audit and the amount of duty involved in the said enquiry or

investigation or audit has not been quantified on or before the 30th day of June, 2019;

f) a person making a voluntary disclosure,—

- i. after being subjected to any enquiry or investigation or audit; or
- ii. having filed a return under the indirect tax enactment, wherein he has indicated an amount of duty as payable, but has not paid it;
- g) who have filed an application in the Settlement Commission for settlement of a case;
- h) persons seeking to make declarations with respect to excisable goods set forth in the Fourth Schedule to the Central Excise Act, 1944.

Benefits of this scheme:

This scheme offers several lucrative resolution benefits to taxpayers, such as-

1. Taxpayers can pay the outstanding tax amounts due and be free from any other consequences under the Law.
2. Taxpayers will get substantial relief in the form of full waivers of interest, penalties and fines.
3. There will be complete amnesty from prosecution proceedings.
4. The matter and period covered in the statement not to be reopened in any other proceeding.

What is relief provided by this scheme?

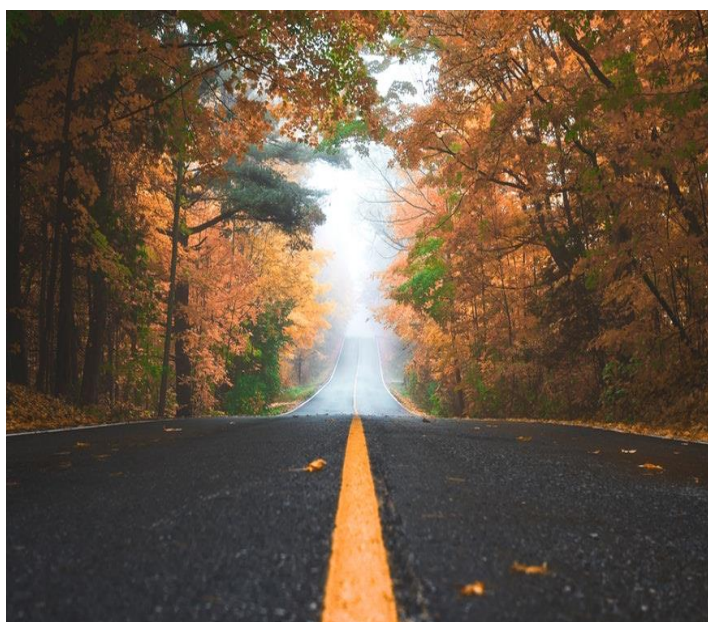
This scheme provides for a substantial relief margin on all Duty demands, ranging from 40% to 70% of the demand, except in the case of voluntary disclosure. The relief will be applicable as follows-

Relief available from the duty demand	For cases pending or adjudication or appeal*	For cases of confirmed duty demands (Where no appeal is pending)	For cases of voluntary disclosure
Duty demand up to Rs. 50 lakh	70%	60%	The full amount of duty disclosed
Duty demands > Rs. 50 lakhs	50%	40%	

\*For cases under investigation or audit, the same relief will also be available, however, the amount should have been quantified and communicated to the concerned party, or admitted by him in a statement, on or before the 30th of June, 2019.

### Conditions for availing benefit:

1. Amount to be paid under the scheme shall not be paid through input tax credit account
2. Amount paid cannot be taken as input tax credit or entitle any person to take input tax credit as a recipient
3. Amount paid under the scheme shall not be refundable
4. If pre-deposit exceeds payment, refund would not be available



## Forms and Procedure to apply for this scheme:

Form	Particulars
<b>SVLDRS-1</b>	A declaration under section 125 needs to be filed electronically on <a href="https://cbic-gst.gov.in">https://cbic-gst.gov.in</a> , on or before the 31st of December, 2019 A separate declaration need to be filed for each case to be resolved
	<ul style="list-style-type: none"> <li>✓ On receipt of the declaration, the system will automatically generate a unique reference number.</li> <li>✓ The designated committee shall verify the declaration submitted, based on the particulars furnished by the declarant, and based on the records that are already available within the department. This verification shall not be done in cases of voluntary disclosure.</li> </ul>
<b>SVLDRS-2</b>	In cases where the estimated amount payable turns out to be more than what has been declared by the declarant, then the designated committee should issue an estimate of the amount payable in Form SVLDRS-2 within 30 days of the receipt of the declaration. This should include an opportunity for a personal hearing.
<b>SVLDRS-2A</b>	If the declarant wishes to agree or disagree with the estimate calculated by the designated committee, to make any written submission, to waive the personal hearing, or to seek an adjournment, he will need to file Form SVLDRS-2A and indicate the same.  If the above form has not been filed, or if the declarant does not appear before the designated committee on the appointed date, then the committee will make its decision based on the records available.
<b>SVLDRS-3</b>	A statement will be issued by the designated committee in Form SVLDRS-3, within a period of 60 days from the date of receipt of the declaration, with the particulars of the amount payable. If the amount payable is nil, and there is no appeal pending in either a High Court or the Supreme Court, then this statement will not be issued.
<b>SVLDRS-4</b>	Once the designated committee has been satisfied that the declarant has paid the amount in full, it will issue a discharge certificate in Form SVLDRS-4 within 30 days of payment being made.

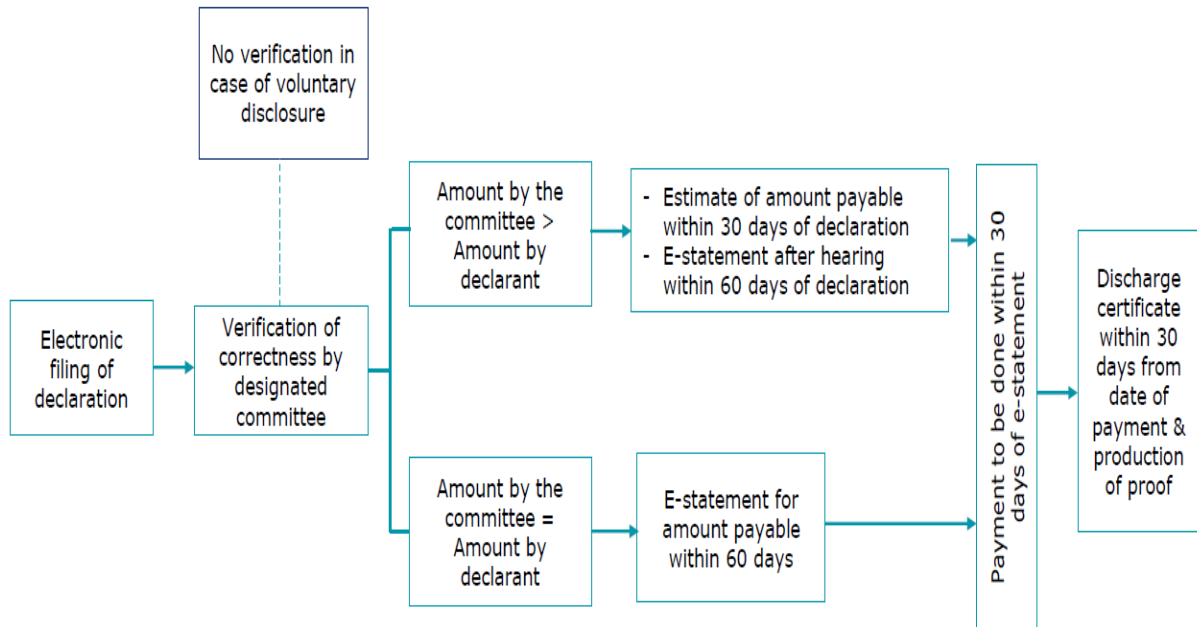
The designated committee will have the power to modify its order and issue a revised Form SVLDRS-3, provided-

1. The modification has been done within 30 days of issuing the original Form SVLDRS-3.
2. It is only to correct an arithmetical or clerical error, which is apparent on the face of record.

The declarant is supposed to pay the amount indicated in Form SVLDRS-3, within 30 days from the date of its issue. When applicable, proof of withdrawal of the appeal or written petition filed before a High Court or Supreme Court needs to be furnished by the declarant.



## Summary of flow of SVLDRS, 2019:



As per section 129(2)(c), in cases of voluntary disclosure, where any material particular furnished in the declaration is subsequently found to be false, within a period of one year of issue of the discharge certificate, it shall be presumed as if the declaration was never made and proceedings under the applicable indirect tax enactment shall be instituted. Following are certain statistics in this regard released by the finance ministry:

## Finance Ministry releases statistics related to the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

- The government recently introduced the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 from 1 September 2019 till 31 December 2019. The aim of the scheme was to clear the backlog of pending litigations from the pre-GST regime, particularly under the Central Excise and Service Tax laws.
- In this regard, the Ministry of Finance has now released certain statistics related to the Scheme as under:

Particulars	Number	Amount (in INR crores)
Applications received	26,142	16,007.01
Applications accepted	2,828	162.15



**Number of pending cases of central excise and service tax**

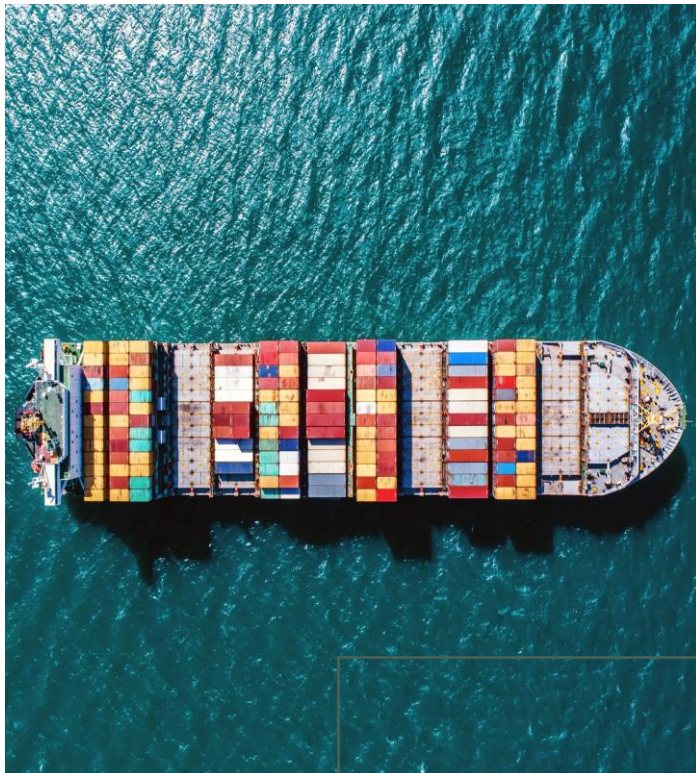
Year	No. of pending cases
2017-18	177604
2018-19	166869
2019-20 (till Oct)	168114

# GST on Ocean Freight

Akshaya Devakumar  
Article Assistant

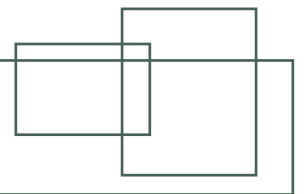


## Indirect Tax



### Background

Ocean freight is the logistics of exporting and importing cargo by shipping lines. In ocean freight shipping, goods are packed in shipping containers and the freight forwarder books container or space with the shipping agent. Shipment moves to the port and passes through customs at the point of origin. The goods are delivered to the receiver either on CIF (Cost, Insurance, Freight) basis or FOB (Free on board) basis.



In CIF Basis, Seller must pay the costs and freight including insurance to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods are loaded on the ship. On the other hand in FOB basis, the seller is responsible for transportation of the goods to the port of shipment and the cost of loading. The buyer pays the costs of ocean freight, insurance, unloading, and transportation from the arrival port to the final destination. The seller passes the risk to the buyer when the goods are loaded at the originating port.

Ocean freight is divided into two types based on destination of goods/Cargo namely,

1. Ocean freight in respect to **Exports** of goods:
2. Ocean freight in respect to **Imports** of goods

### Ocean freight on Exports

As per entry number **19B** of **Notification No 21/2019** of **CGST Act, 2017**, “Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India” exempt from GST till September 2020. Therefore, ocean freight on exports is exempted from GST till September 2020.

## Ocean freight on Imports

### Place of supply:

As per section 13(9) of IGST act, where the location of supplier or the location of recipient is outside India, the place of supply of services of transportation of goods, other than by way of mail or courier, shall be the place of destination of such goods. Thus, if the supplier of such service is located outside India and a person located in India receives such service, the recipient shall be liable to pay GST under reverse charge method on import of service. Hence, the importer is liable to pay GST on RCM.

### FOB Basis

In case of FOB contracts, since importer pays consideration to vessel owner (person located in non-taxable territory) for transportation services in form of ocean freight, he would be the recipient of the service and all the conditions for liability under RCM will be satisfied and GST shall be paid at the rate of 5% on ocean freight.

### CIF Basis

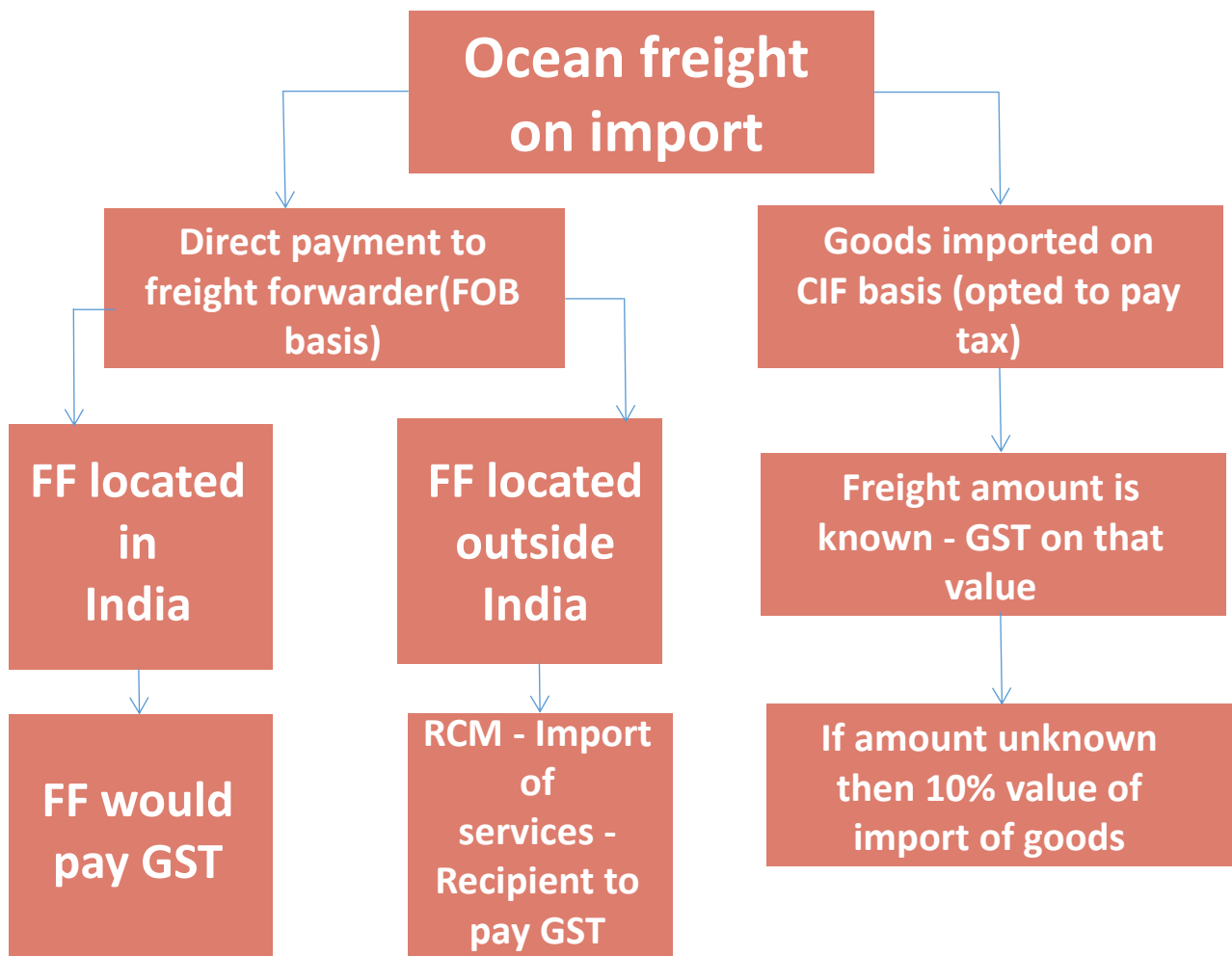
In the case of CIF (Cost, Insurance, and Freight), the contract will be between the vessel owner and the foreign supplier wherein the scope of transportation is up to customs station in India but the foreign supplier pays the consideration thereby making him the recipient of service. Thereby, it can be said that in case of the CIF contracts, the actual importer would not be liable to GST under RCM and it is not the recipient of the services. The value charged by exporter in his invoice would automatically include the charges on export services.

When both the supplier of service and the recipient of service is located outside India and the service is provided by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India; the importer, located in the taxable territory shall be responsible for payment of GST as provided in serial No. 10 of Notification 10/2017 Integrated Tax (Rate) Dt. 28.06.2017.

However, explanation 4 of notification No 8/2017 Integrated Tax (Rate) dated 28.06.2017 provides that “Where the value of taxable service provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India is not available with the person liable for paying integrated tax, the

same shall be deemed to be 10% of the CIF value (sum of cost, insurance and freight) of imported goods. As per the aforementioned notifications where the contract between the vessel owner and the foreigner for transportation of goods up to customs station in India, GST shall be paid by the importer at the rate of 5%. When the value of taxable service is not available, 10% of CIF Value shall be taken as the value of taxable service on which GST of 5% is charged under RCM.

## Taxability of ocean freight on import



Therefore it can be concluded that,

In case of Exports, GST is exempted till September 2020.

In case of Imports, the value on which GST needs to be paid would be

- i. **FOB contracts** - On amount paid to the shipping lines (i.e. Ocean freight)
- ii. **CIF contracts** (if opted to pay tax):
  - a. On actual ocean freight charges (if available), otherwise
  - b. 10 % of the CIF value of imported goods.



## Income Tax

### 1. Insertion of sub-rules

(a) New sub rule has been inserted in Income tax rule, 1962 namely rule 30 (2C) in which any sum deducted under section 194M to be remitted within 30 days from the end of the month to Central Government with challan-cum-statement in Form No.26 QD.

(b) Another sub rule has been inserted namely rule 30 (6C) where the tax so deducted under section 194M to be remitted to Central Government electronically within the time specified in rule 30 (2C) into the Reserve Bank of India or State Bank of India or any authorised bank.

(c) Sub rule has also been inserted namely rule 31 (3B) in which every person shall be responsible for deduction of tax under section 194M shall furnish the certificate of deduction of tax at source in Form No.16D to the payee within fifteen days from the due date for furnishing the challan-cum-statement in Form No.26QD under rule 31A after generating and downloading the same from the web portal specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorized by him.

### 2. Introduction of new clauses

(a) A new clause has been inserted namely rule 31A (4) (ix) in which it furnish particulars of amount paid or credited on which tax was not deducted in view of the exemption provided in clause (iii) or clause (iv) of the proviso to section 194N or in view of the notification issued under clause (v) of the proviso to section 194N.

### 3. Section 11UAC

The provisions of clause (x) of sub-section (2) of section 56 shall not apply to any immovable property, being land or building or both, received by a resident of an unauthorised colony in the National Capital Territory of Delhi, where the Central Government by notification in the Official Gazette, regularised the transactions of such immovable property based on the latest Power of Attorney, Agreement to Sale, Will, possession letter and other documents including documents evidencing payment of consideration for conferring or recognising right of ownership or transfer or mortgage in regard to such immovable property in favour of such resident with effect from 1st April, 2020.

# GST

## 1. Document identification number (DIN)

The Board in exercise of its power under section 168(1) of CGST Act 2017/ Section 37B of Central Excise Act, 1944 directs that no search authorization, summons, arrest memo, inspection notices and letters issued in the course of any enquiry shall be issued by any officer under the board to a taxpayer or any other person, on or after 8th November 2019 without a Computer Generated Document Identification Number (DIN) being duly quoted prominently in the body of such communication. The digital platform for generation of DIN is hosted on the Directorate of Data Management (DDM)'s online portal "cbicddm.gov.in".

## 2. ITC restriction

Rule 36(4) has been inserted in the Central goods and services tax rules, 2017 regarding restriction of availment input tax credit (ITC) in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers under sub section (1) of section 37 of the CGST Act.

# Corporate Law

Companies (Meetings of Board and its Powers) Rules, 2014, in rule 15, in sub-rule (3). in clause -

# Legal updates

- (a) in sub-clauses (i) and (ii). the words "or rupees one hundred crore, whichever is lower", has been omitted;
- (b) in sub-clause (iii), for the words "amounting to ten per cent or more of the net worth of the company or ten per cent or more of turnover of the company or rupees one hundred crore, whichever is lower", the words "amounting to ten per cent or more of the turnover of the company" has been substituted; and
- (c) in sub-clause (iv), the words "or rupees fifty crore, whichever is lower". has been omitted.

# Current Affairs

## 1. NSE, BSE suspend Karvy's trading license

The National Stock Exchange of India Ltd (NSE) on Monday suspended Karvy Stock Broking Ltd's trading licence for all segments due to non-compliance with exchange and Securities and Exchange Board of India (Sebi) norms. The markets regulator now estimates the misuse of client securities by the broker at ₹2,800 crore, 40% more than the ₹2,000 crore it determined earlier

### 2. The National Economic Offense Records (NEOR)

The Centre is preparing a comprehensive database of economic offenders called the National Economic Offense Records (NEOR). A web portal, NEOR will disseminate information to grassroots level officers of enforcement and investigation agencies. The portal will assist in taking action against corrupt officials and corporate houses that indulge in frauds of a financial nature or in illegal activities such as money laundering.

### 3. Telecom companies hike tariffs

Vodafone Idea on Sunday announced tariff hikes for its prepaid customers, which will be effective from 12 am, 3 December.

The announcement comes after the telecom major posted a massive quarterly loss of ₹50,921 crore amid an adverse Supreme Court ruling on adjusted gross revenue (AGR). Apart from Vodafone Idea, Bharti Airtel and Reliance Jio also announced new plans with tariff hikes.

The surge in most of the plans provided by the three operators are in the range of 15-47%. While the new tariffs for Vodafone Idea and Bharti Airtel will be effective from 3 December for these two telcos.

Reliance Jio's revised plans will come into effect on 6th December.

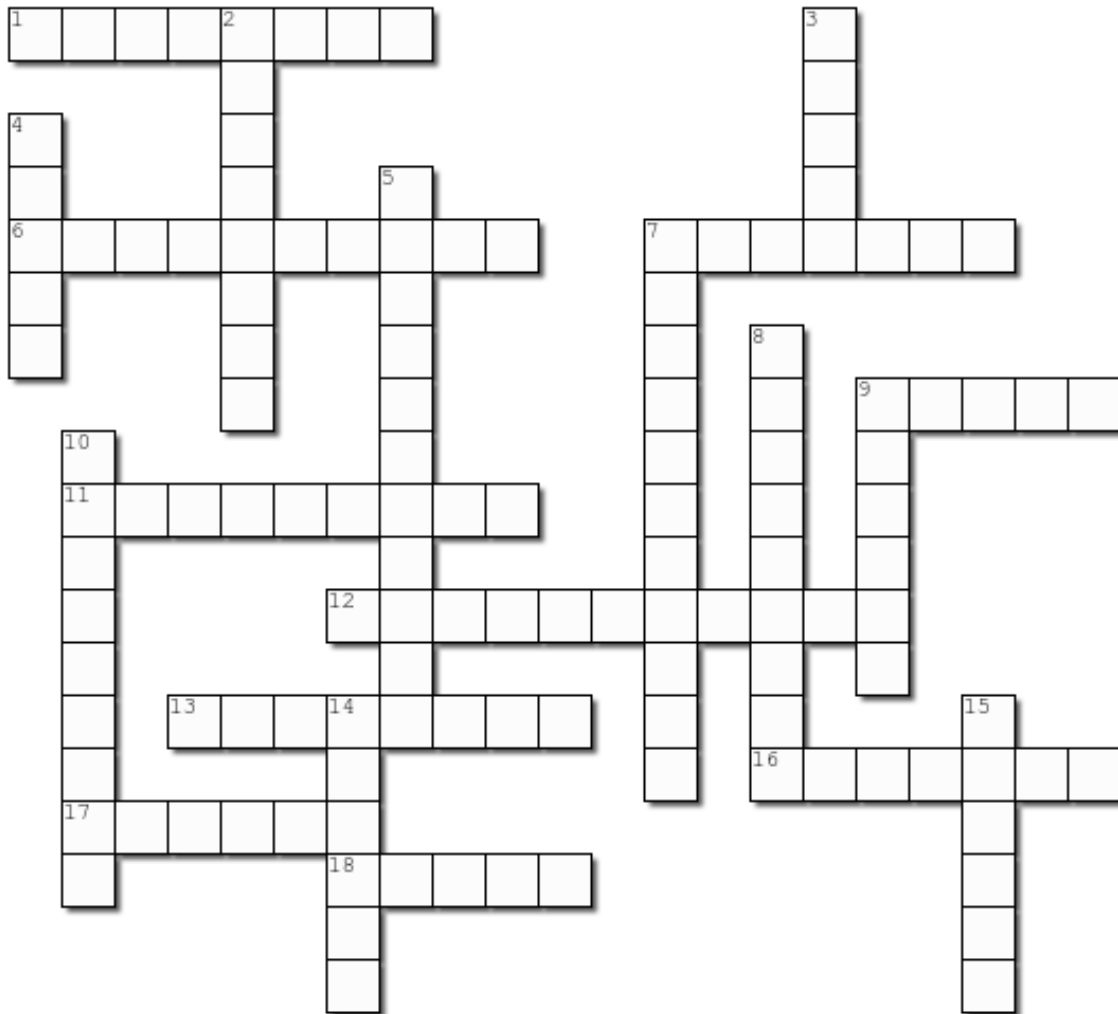
### 4. Manufacturing sector makes a weak recovery in November

India's troubled manufacturing sector made a slight recovery in November, having hit a two-year trough in October, but shed jobs in the face of challenging economic conditions, according to a private survey.

The headline seasonally adjusted IHS Markit India manufacturing purchase managers' index (PMI), based on a survey of 400 producers, rose to 51.2 in November from the two-year low of 50.6 in October, the market information supplier said in a statement on Monday. A figure above 50 indicates expansion, while a sub-50 reading indicates contraction. The survey tracks new orders, output, jobs, suppliers' delivery time and stocks of purchases.

The latest reading indicated only a slight improvement in the health of the manufacturing sector, aided mainly by consumer goods.

# Crossword



## Down

2. E-COMMERCE GIANT AGAINST WHOM INSOLVENCY PROCEEDINGS WERE RECENTLY INITIATED
3. \_\_\_\_\_ ACCOUNT IS A PORTFOLIO OF SECURITIES HELD
4. ABBREVIATION FOR AVERAGE INTER-BANK INTEREST RATE ON THE LONDON MONEY MARKET
5. INFOSYS' CEO
7. THE NEED FOR IND AS
8. TERMS BASED ON WHICH A SALE IS MADE
9. \_\_\_\_\_ PERCENT OF ELIGIBLE CREDIT CAN BE TAKEN AS ITC IF A PORTION OF ITC IS NOT REFLECTED IN GSTR-2A
10. COMPANY WITH THE HIGHEST WORLDWIDE MARKET CAPITALIZATION AS OF THE END OF Q1 2019
14. FIRST COUNTRY DECLARED TO BE A CASHLESS ECONOMY
15. AUDIT PROCEDURE TO TEST IF ANY REVENUE BOOKED IN THE CURRENT YEAR PERTAINS TO THE NEXT YEAR

## Across

1. TELECOM COMPANY THAT RECENTLY APPLIED FOR A 7,000 CRORE TAX REFUND
6. RECORD-KEEPING TECHNOLOGY USED IN BITCOIN
7. SPECIAL VALUATION BRANCH IS REFERRED TO IN \_\_\_\_\_ ACT
9. MINIMUM NUMBER OF DIRECTORS IN A PUBLIC COMPANY
11. A PERSON WHO DIES WITHOUT HAVING WRITTEN A WILL
12. IND AS ADOPTION REQUIRES \_\_\_\_\_ OF PREVIOUS TWO YEARS' FINANCIAL STATEMENTS
13. FRAUDULENT ATTEMPT OFTEN VIA EMAIL TO OBTAIN SENSITIVE INFORMATION
16. DTC WILL \_\_\_\_\_ PRESENT DIRECT TAXES
17. FIRST COUNTRY TO ADOPT GST
18. COUNTRY IN WHICH RENOWNED EXPO 2020 IS TO BE HELD



# Compliance Calendar

Particulars of Compliance	Forms/returns	Due Date
<b>Compliances Calendar for Income Tax Act</b>		
Due date for deposit of Tax deducted/collected for the month of November, 2019. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan	Challan No. ITNS 281	7th December 2019
<b>Compliances Calendar for GST</b>		
Due date for filing GSTR-7 to be filed by the person who is required to deduct TDS under GST for the month of November, 2019	GSTR-7	10th December 2019
The due date for furnishing statement by e-commerce companies for the month of November, 2019	GSTR-8	
Annexure of outward supplies of taxable goods and/or services for the month of November 2019 (for Assesses having turnover exceeding 1.5 Cr.) Monthly Return	GSTR-1	11th December 2019
Return for Input Service Distributor	GSTR-6	13th December 2019
<b>Compliances Calendar for Income Tax Act</b>		
Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of November, 2019 has been paid without the production of a challan	Form 24G	15th December 2019
Third instalment of advance tax for the assessment year 2020-21	Challan No/ITNS 280	
Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of October, 2019	Form 16B	
Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of October, 2019	Form 16C	
Due date for furnishing statement in Form no. 3BB by a stock exchange in respect of transactions in which client codes been modified after registering in the system for the month of November, 2019	Form 3BB	

# Compliance Calendar

Particulars of Compliance	Forms/returns	Due Date
<b>Compliances Calendar for ESI and PF Payment</b>		
PF Payment for November 2019	ECR	15th December 2019
ESIC Payment for November 2019	ESI Challan	
<b>Compliances Calendar for GST</b>		
Summary of outward taxable supplies and tax payable by Non-Resident taxable person & OIDAR.	GSTR-5 & GSTR – 5A	20th December 2019
Simple GSTR return for the month of November, 2019	GSTR 3B	
<b>Compliances Calendar for Income Tax Act</b>		
Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA in the month of November, 2019	26QB	30th December 2019
Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB in the month of November, 2019	26QC	
Furnishing of report in Form No. 3CEAD for a reporting accounting year (assuming reporting accounting year is January 1, 2018 to December 31, 2018) by a constituent entity, resident in India, in respect of the international group of which it is a constituent if the parent entity is not obliged to file report u/s 286(2) or the parent entity is resident of a country with which India does not have an agreement for exchange of the report etc.	Form 3CEAD	
<b>Compliances Calendar for Companies Act</b>		
Filing of Annual Return with the Registrar of Companies within 60 days of AGM	FORM MGT -7	31st December 2019
Filing of e-form BEN-2 by the Reporting Co. under the Companies (Significant Beneficial Owners) Rules, 2018 (as amended by the Companies (SBO) Amendment Rules, 2019).	FORM BEN-2	
Filing of Cost Audit Report for the year ended 31.03.2019	FORM CRA-4	
Statement of Amounts credited to Investor Education and Protection Fund Pursuant to Rule 5(4A).	FORM IEPF-1 A	



# Get in touch

**Pratapkaran Paul and Co.,  
Chartered Accountants**

B – 8, Gems Court.  
25/14, Khader Nawaz Khan  
Road, Nungambakkam,  
Chennai , Tamil Nadu, India.  
600006

Website: [www.pkpandco.com](http://www.pkpandco.com)

Email – [pkpandco@gmail.com](mailto:pkpandco@gmail.com)

LinkedIn: Pkp&co

Facebook: Pkp&co

Telephone: 044 2833 1646 / 1647