

# PKP NEWSLETTER

An initiative by Pratapkaran Paul and Co.



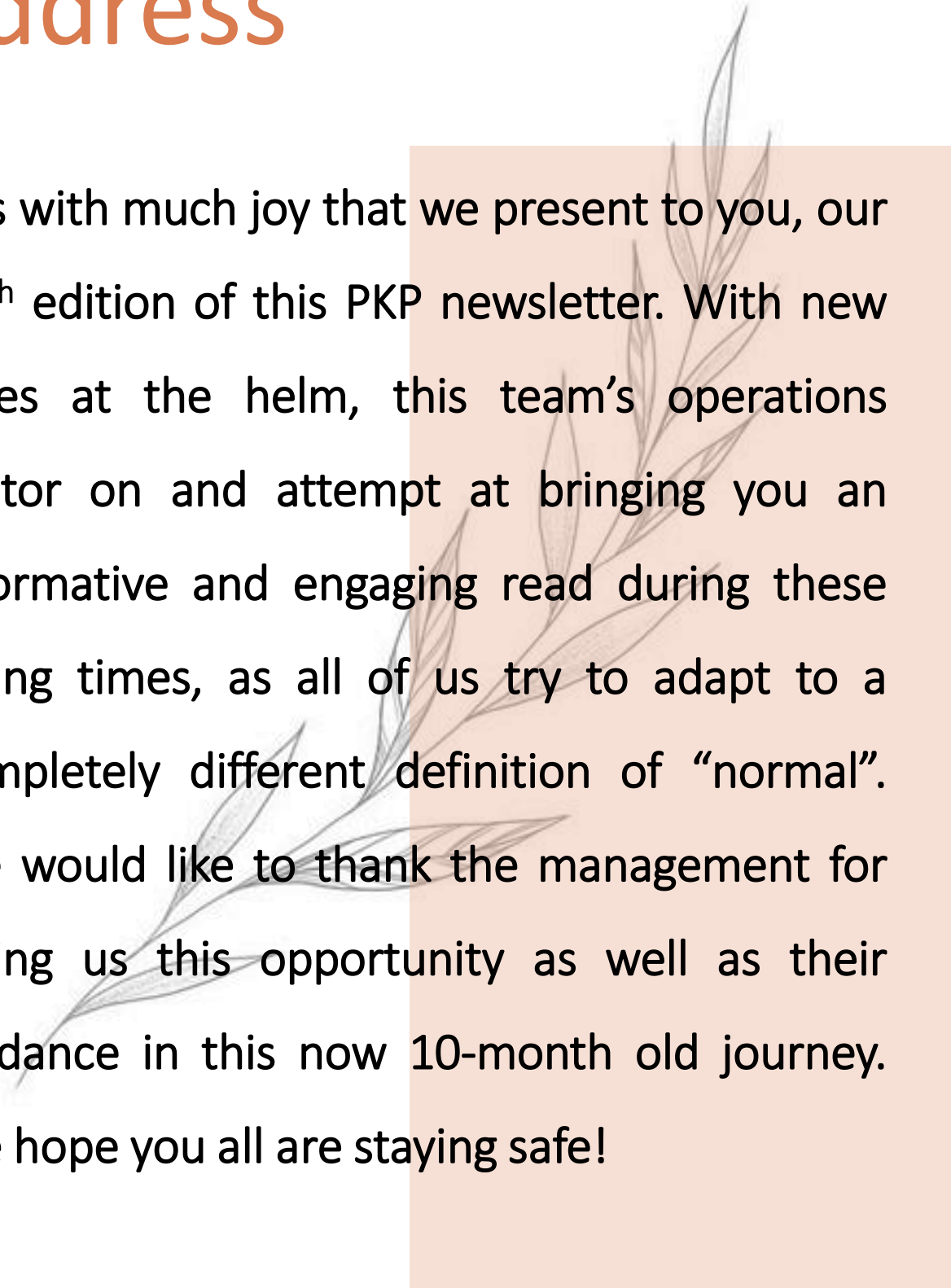
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# Presentation Team's Address



It is with much joy that we present to you, our 10<sup>th</sup> edition of this PKP newsletter. With new faces at the helm, this team's operations motor on and attempt at bringing you an informative and engaging read during these trying times, as all of us try to adapt to a completely different definition of "normal". We would like to thank the management for giving us this opportunity as well as their guidance in this now 10-month old journey. We hope you all are staying safe!

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## MANAGING PARTNER'S ADDRESS



Dear PKPians,

A well laid foundation is essential to build a superstructure. This being the 10th edition of the Newsletter , it has become a regular feature to expect well prepared and informative articles. The process of involvement of all the Article Clerks is more than reassuring. I must here congratulate Gayatri for her very informative article which was published in the journal of SICASA. This is the way forward and I'm hoping to see more of such involvement in future.

I was thinking back from the time we went into the lockdown. A single new pandemic, brought almost the entire world to a grinding halt. This has been variously defined as the most defining moment since the Second World War as far as the economies of various countries are concerned. How has the world adapted and what are the lessons to be learnt from this ? The first thing which springs to ones mind is that we all had to reboot. Start from a new beginning of working from home. This required a lot of changes and readjustment to the new normal. Did we learn to balance our work life balance? Or did we overbalance on the life ?

It needed commitment, focus, dedication and involvement to ensure that the work to be completed did not suffer. I think we have done well in this. The new normal also needed that we now had to address assurance and reports , where we had to consider the factors and circumstances in which events had taken place. And of course we had to adjust to power cuts, system downtime, connectivity issues. We have to and we should overcome all those issues which are under our control, and make allowance for those which we cannot control.

As we get into the season of completion of assurance services, filing of tax returns consider all of the above and do a self appraisal. How have I coped with the situation and overcome the issues. Be true to yourself , as we have to realise that it is in the best interest of each of us to be truthful. It is your future. You will be the beneficiary if you are able to address the above issues and continue to make the progress as required in the practical training , which will help you to be well equipped.

Protocols relating to social distancing, washing of hands, wearing of masks are all essential and important as we move ahead. At the office ,we are implementing all the necessary procedures to ensure this is done.

Stay safe and do well.

**PRATAPKARAN PAUL**

**MANAGING PARTNER**



**SUNDARAJAN**  
Manager

A hedging strategy is a set of measures designed to minimise the risk of adverse movements in the value of assets or liabilities. Hedging strategies usually involve taking an offsetting position for the related asset or liability. In effect, hedging is a transfer of risk without buying insurance policies. But off settling the losses or reducing the losses by paying small premium.

This is widely used in Trading in Forex, Capital Markets especially in the derivatives segment. It is also termed as Pair Trading, where one has positions both in bull and bear markets. Many people [invest in gold](#) simply as a hedge against stock losses. Research by Trinity College in Dublin revealed that, on average, gold prices rise for 15 days after [stock market crashes](#). A forex trader can make a hedge against a particular currency by using two different currency pairs. For example, you could buy a long position in EUR/USD and a short position in USD/CHF. In this case, it wouldn't be exact, but you would be hedging your USD exposure.

The best example is that a person is bullish on STOCK ABC LTD WHICH IS QUOTING AT Rs.1,000 today. He wants to buy 1000 shares at Rs.1,000. His investment is Rs.10,00,000. He is bullish on this stock where he is expecting an appreciation of 20% in 3 months.

Even though his analysis is based on fundamentals, still on the stock this investor face negative trend due to unexpected political development/Change in Economic policy/fiscal policy unexpectedly announced by Government or due to any other unforeseen natural disaster.

In order to avoid a risk arising out of such instances, the investor may take a fresh position in PUTS (Options trading segment of derivatives) by paying a small amount as premium.

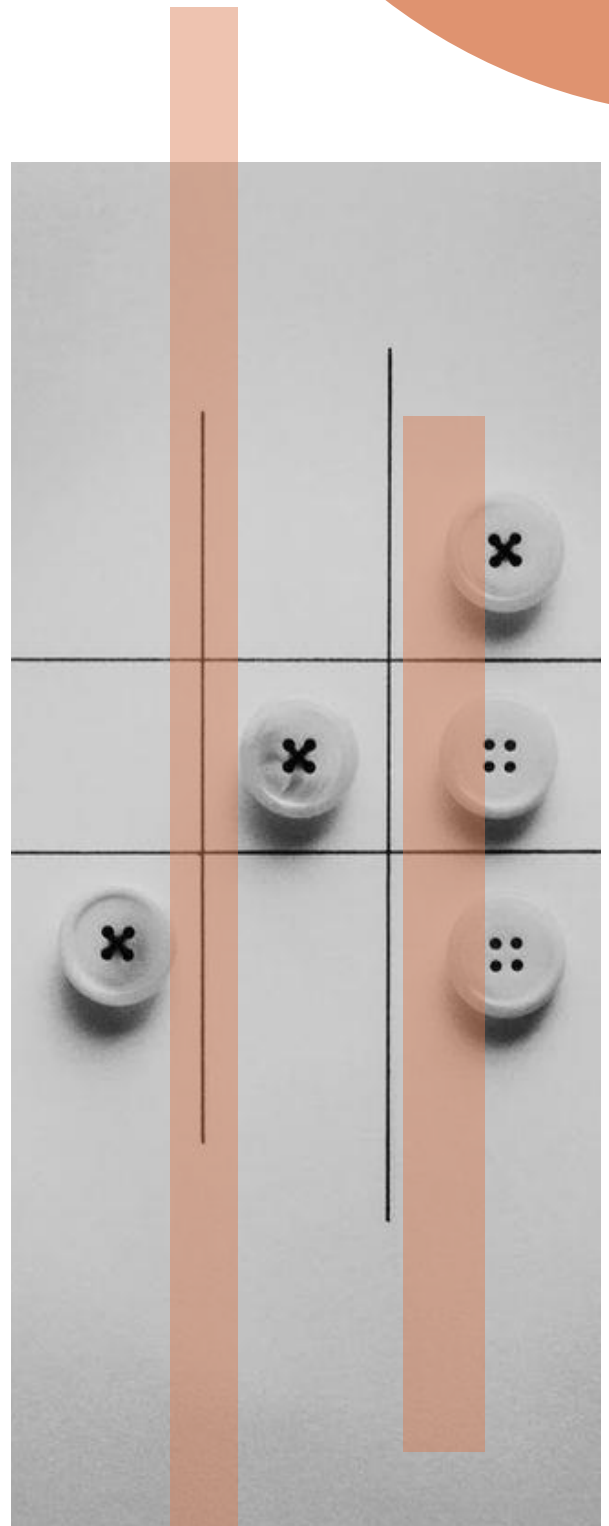
This fresh position in puts would safeguard against any downward trend in the stock with no loss or limited losses.

It can be said that we can end up with loss of tip of a finger instead of loss of hand in adverse markets.

Coming to an area of import, a person is an importer of goods in India, against usance terms. He is accepting the bills in USD and taking delivery of goods today against agreeing payment after 90 days. Assuming today, USD is quoted at Rs 71. The USD INR rate on the 90<sup>th</sup> day may be above or below 71. The client would be benefited if it falls below 71.

However, the probability that the rate on the 90<sup>th</sup> day would be above 71 is more in India. There could be a probability that due to unexpected movements in the forex market INR may go upto 73 or above. In order to avoid such wide fluctuations, the client can book a forward contract today. In forward contract, the INR rate is fixed today for delivery of USD on 90<sup>th</sup> day. The forward rate on 90<sup>th</sup> day would be based on today's spot rate of Rs 71 and would normally the interest for 90 days at LIBOR. This would avoid huge losses in wide fluctuations. This is also termed as hedging.

To conclude, therefore, hedging is a risk management tool to overcome unexpected potential losses in the Trading/business/Forex Market to protect capital.







**ABINAYA VENKATACHALAPATHY**  
Manager

A will is the best medium through which a person can ensure that his property is divided as per his desire after his death.

### **Muslims (covered by Shariat)**

The qazi (judge ruling according to Islamic religious law) takes the burial expenses and makes a list of the assets of the deceased that need to be distributed among wife and children. Under the Shariah law, the following is the list of the legal heir.

Husband	Must be legally married. Secret or undocumented marriages are not eligible.
Wives	Multiple wives are eligible. Secret or undocumented marriages are not eligible. A divorced wife is eligible if iddah period has not yet completed.

Sons	Adopted son, step-son, or illegitimate son is not eligible.
Daughters	Adopted daughter, step-daughter, or illegitimate daughter is not eligible.

# WILLS AND SUCCESSION PLANNING

Grandsons	Only son's sons are eligible. Daughter's sons are not eligible.
Granddaughters	Only son's daughters are eligible. Daughter's daughter's are not eligible.
Father	Illegitimate father or step-father is not eligible.
Mother	Illegitimate mother or step-mother is not eligible.
Grandfather	Only father's father is eligible. Mother's father is not eligible.
Paternal Grandmother	Father's mother is eligible.
Maternal Grandmother	Mother's mother is eligible.
Full Brothers	Brothers who share the same father and the mother with the deceased.
Full Sisters	Sisters who share the same father and the mother with the deceased.
Paternal Brothers	Brothers who share the same father, but a different mother.
Paternal Sisters	Sisters who share the same father, but a different mother.
Maternal Brothers	Brothers who share the same mother, but a different father.
Maternal Sisters	Sisters who share the same mother, but a different father.

Full Nephews	Only brother's son is eligible. Sister's son is not eligible.
Paternal Nephews	Only paternal brother's son is eligible. Paternal brother's daughter is not eligible.
Full Nephew's sons	Full brother's son's son.
Paternal Nephew's sons	Paternal brother's son's son.
Full Paternal Uncles	Father's full brother.
Paternal Paternal Uncles	Father's paternal brother.
Full Cousins	Father's full brother's son.
Paternal Cousins	Father's paternal brother's son.
Full Cousin's Sons	Father's full brother's son's son.
Paternal Cousin's Sons	Father's paternal brother's son's son.
Full Cousin's Grandsons	Father's full brother's son's son's son.
Paternal Cousin's Grandsons	Father's paternal brother's son's son's son.

## Christians (covered under Indian Succession Act)

# WILLS AND SUCCESSION PLANNING

1. A third of the property shall go to the wife and the rest will be divided equally among children (including the children of any predeceased son or daughter);
2. If there is no wife, the property will be divided among the children;
3. If there are no children, the property is shared equally by the wife and the husband's relatives.
4. Lastly, it will devolve upon the parents of the deceased;

According to section 32 of the Indian Succession Act, 1925 the legal heir of a Christian are husband, wife or the kindred of the deceased.

- Widow
- Son
- Daughter
- Father
- Mother
- Brother, Sister
- Lineal consanguinity, that is relation which subsists between two persons, one of whom is descended in a direct line from the other, as between a man and his father, grandfather and great-grandfather, and so upwards in the direct ascending line; or between a man and his son, grandson, great-grandson and so downwards in the descending line.
- A, an intestate, left a great-grandfather, an uncle, and a nephew, but no relative standing in a nearer degree of kindred to him. All of these being in the third degree will take equal shares.

## Parsis (covered by Indian Succession Act)

1. Half goes to the wife, the rest to the children;
2. If there is no wife, the property is distributed equally among children;
3. If neither wife nor child survives, the assets go to the parents of the deceased.

Under section 54 of the Indian Succession Act here is the list of legal heir under Parsi personal law.

- Father and mother.
- Brothers and sisters (other than half brothers and sisters) and lineal descendants of such of them as shall have predeceased the intestate.
- Paternal and maternal grandparents.
- Children of paternal and maternal grandparents and the lineal descendants of such of them as have predeceased the intestate.
- Paternal and maternal grandparents' parents.
- Paternal and maternal grandparents' parents' children and the lineal descendants of such of them as have predeceased the intestate.

When a Parsi dies leaving neither lineal descendants nor a widow or widower then property passes to his or her next-of-kin. The legal heir in the following case are,

- Father and mother.
- Brothers and sisters (other than half brothers and sisters) lineal descendants of such of them as shall have predeceased the intestate.

- Paternal and maternal grandparents.
- Children of paternal and maternal grandparents and the lineal descendants of such of them as have predeceased the intestate.
- Paternal and maternal grandparents' parents.
- Paternal and maternal [grandparents' parents' children] and the lineal descendants of such of them as have predeceased the intestate.
- Half brothers and sisters and the lineal descendants of such of them as have predeceased the intestate.
- Widows of brothers or half brothers and widowers of sisters or half sisters.
- Paternal or maternal grandparents' children's widows or widowers.
- Widows or widowers of deceased lineal descendants of the intestate who have not married again before death of the intestate

## Essential Elements of Will

It is important to remember that a will need not be drafted in legal language. It can be drafted in simple language but the intention of the parties need to be clear. There must not be any ambiguity.



Secondly, it is not important to have a will on non-judicial stamp paper. It can be drafted on a simple white paper. To have a legally valid will, one needs to have following clauses in their will-

**Personal Details** – one has to clearly give his personal details in the will. One has to specify details like son/ daughter of, residential address, age, date of birth, etc.

**Declaration of Date** – the date on which the will is being prepared has to be mentioned. It helps the court to identify the last and the valid will, in the case of multiple wills.

**Validate Free Will** – one has to clearly state that he is making the will with his free consent. He has to specify that there is no undue influence or coercion or pressure under which he is writing the will.

**Provide Executor's Details** – an individual needs to nominate an Executor in his will. The Executor is the person who is responsible for executing the will. Along with

providing the executor details, the testator should add a clause describing what would happen if executor dies before the testator.

**Details of Assets**– one can dispose of movable and immovable property through a will. The testator has to give details of all kinds of property that he wants to dispose of. In the case of immovable property like house, land, etc. he has to give a proper address. In the case of movable property like bank deposits, mutual funds, share, etc. he has to give authentic identification numbers. The testator should also specify the mode through which

income generated from these assets would be distributed to the beneficiaries.

**Liabilities of the Testator** – testator should specify any liability that he owes and the mode of settling that liability through his assets. He should also specify the mode to settle probate charges and executor fees.

**Name of the beneficiary(ies)** - the testator has to mention the name and some personal details of the beneficiary so that the court can identify the individual. The testator can describe the relation like my wife, my son, my daughter, etc. In case, where the beneficiary is a minor, the testator should specify the legal guardian of these minors. In case, where the beneficiary is a daughter, the testator should specify different situation regarding her marital status.

**Signature** – testator has to sign the will at the end.

**Signature of Witnesses** – there is a requirement of getting the will tested by two witnesses. The testator has to specify the father's name and the residential address of the witnesses.

One can also include codicil to make amendments or to alter the will. The testator can change the beneficiary, executors, assets, liabilities, etc. by adding codicil in the will. The court interprets will and codicil together to know the true intention of the executor.

In the next Series, we will discuss about registration, its procedures and types of will



**NITEESH KUMAR**  
Article assistant

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

Mutual funds are also inflation beating instruments, definitely a great advantage over FDs and PPFs. You can also buy or sell mutual funds easily, subject to entry and exit loads of the scheme.

The core mantra of financial planning is that you keep a long-term horizon to optimize your returns without risking the safety of your investment or affecting the liquidity. Mutual funds meet all these criteria, making them the right fit into your portfolio.



A mutual fund is both an investment and an actual company. This dual nature may seem strange, but a mutual fund investor is buying partial ownership of the mutual fund company and its assets. While a mutual fund company is in the business of making investments.

**Investors typically earn a return from a mutual fund in three ways:**

1. Income is earned from dividends on stocks and interest on bonds held in the fund's portfolio. Funds often give investors a choice either to receive a check for distributions or to reinvest the earnings and get more shares.
2. If the fund sells securities that have increased in price, the fund has a capital gain. Most funds also pass on these gains to investors in a distribution.
3. If fund holdings increase in price but are not sold by the fund manager, the fund's shares increase in price. You can then sell your mutual fund shares for a profit in the market.



## Types of other investing options

### Fixed Deposits

Most Indian investors prefer investing in FDs since they are considered one of the safest investments and can be withdrawn anytime (except tax-saving FDs with lock-in period of 5 years) with nominal penalty charges.

However, interest rates are not attractive anymore because interest rates cannot beat the inflation rate.

Moreover, interest from FDs is subject to full taxation as per one's marginal tax bracket which makes FDs extremely tax ineffective.

### Public Provident Fund

PPF currently fetches the interest rate of 7.1% with very low risk tolerance

Though the maturity amount and interest earned are exempted from tax, the maximum investment limit is only Rs. 1,50,000/- per annum.

PPF is also very low on liquidity as there is a lock-in period of 15 years and partial withdrawals can be made from the 6th year onwards only.

The interest rate on PPF is revised every quarter, which means that the returns can go lower than what you expect.

### Gold

Indians are enamoured by gold.

A lot of hoarding is seen with gold. Given that gold is a precious metal, it is often valued high in the market, even when the prices are tumbling down.

Gold is a highly liquid asset and as good as paper money.

Unfortunately, people have a tendency to accumulate gold over generations and don't sell it even when the prices are high or unless there is a dire need of money.

Over the past few years, gold as ETF (Exchange Traded Funds) has also emerged as a more convenient and secure option to physical gold.

So, in reality, you are not earning any return on the investment of gold and it is as good as a dead investment.

It merely serves as a hedge against inflations and store of value.

Gold will always have a good value, it secures us in all the hard phases of the life and will get a very good deal you pledge against the loan.

But, very low interest compared to any other asset when we pledge for loans.

### **Real Estate**

It is fascinating how young investors are keen to invest in real estate as soon as they start earning or at least, have decent savings.

The rental income from the property is taxed at the marginal tax rate of the investor after deducting the payment of municipal taxes and the interest paid to banks on the property loan.

It is also a common fact that real estate is not an easily 'saleable' investment, making it highly unfavorable on the liquidity scale.

Even if you manage to sell it, there are huge transaction and maintenance costs, as well as the tax factor to be considered.

## Direct Equity

Direct equity is a high risk, high return investment option.

It is subject to frequent price fluctuations due to market volatility and can result in complete erosion of capital in an adverse scenario.

In order to buy and sell shares at the right market timing and reap profits, you also actively need to monitor the price movement and do thorough research.

If you lack discipline or time to do so, and do not have an appetite for high risk then direct equity is not the option for you.

## Pros of Investing in Mutual Funds

### 1. Professional Portfolio Management

An individual's portfolio is managed by experienced industry professionals who have expertise in this field. They constantly manage your portfolio in a way which will help you generate maximum return on your investments.

### 2. Diversification

Mutual funds can invest in securities across various asset classes like bonds, commodities or cash. This helps in portfolio diversification. If one sector is not performing well, there is a high probability of other sectors compensating for the loss.

### 3. Affordable

Investing in mutual Funds is very affordable as an individual can invest as low as Rs. 500 every month in a mutual fund. There is no upper limit on the amount of money that can be invested. So, even a small investor can participate in the market by investing in mutual funds.

#### 4. Liquidity

All it takes to exit from a mutual fund is one instruction to your broker/agent to sell it. The funds come back to your account in 48 hours.



### Cons of Investing in Mutual Fund

#### 1. Expense ratio

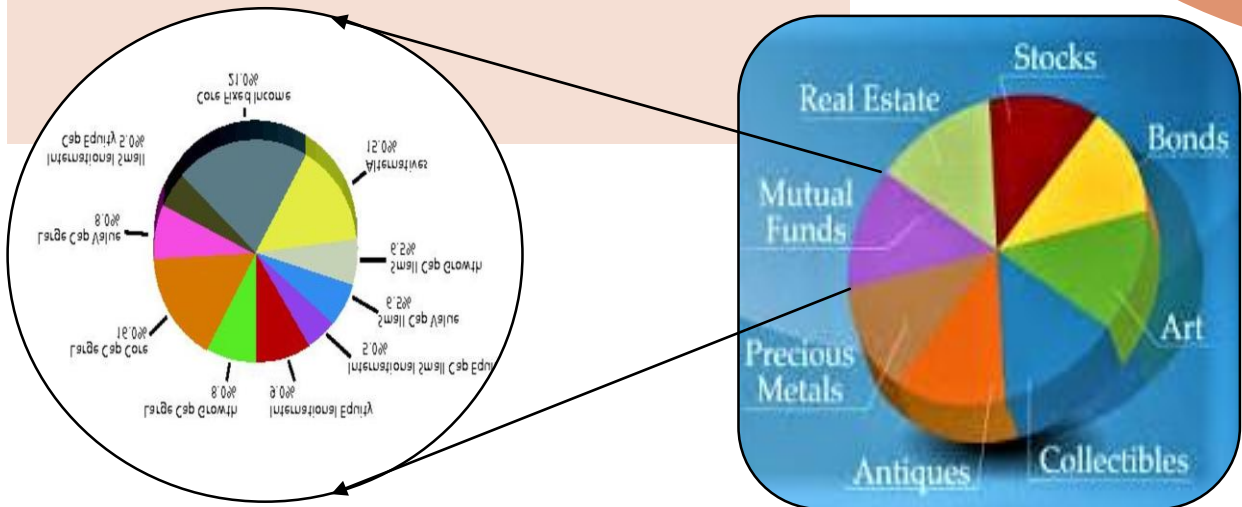
Mutual funds charge annual fees to their clients known as expense ratio irrespective of the fund's performance. This can be defined as the cost of doing business. Moreover, there is an exit load on mutual fund schemes, if the investor wishes to redeem the investment before a particular period of time.

#### 2. Lock-in Clause

It is always advisable to consult a financial advisor and understand all the clauses before investing in mutual funds.

There are two types of mutual fund schemes - one which allows you to enter and exit any time, which is known as open-ended scheme and the other scheme comes with a lock-in period of 3-5 years, which is a closed-ended scheme. If an investor wishes to redeem the investment before the lock-in period, he needs to pay a certain amount as exit load.

## Diversification of portfolios by asset management companies



This above pie chart indicates about how the Asset Management Company will diversify their portfolio in the different sectors to minimize the risk to the unit holders. If any one of the sector will get affected, the unit holders will not be affected much when compared to the investors who have invested in the particular specific sector. The percentage of investing in the Mutual fund are increasing year on year.

Every investment is inherently connected with risk. No investment is risk-free. There will always be some risk when you invest in the market or even if you invest in the safest fund. Nevertheless, investing in a mutual fund is comparatively less risky than the stock market. However, the returns are also slightly low in mutual funds compared to the stock market. Caution must therefore be exercised on all accounts of investing.



**SAISAGAR**  
Article assistant

**Section 8 Company:** The companies act defines a Section 8 Company as one whose objectives is to promote fields of arts, commerce, science, Research, education, sports, charity, social welfare, religion environment protection or other similar objectives.

**Trust:** A “trust” is an obligation annexed to the ownership of property, and arising out of a confidence reposed in and accepted by the owner, or declared and accepted by him for the benefit of another, or of another and the owner

**Society:** It has been described as a company or association of persons united together by mutual consent to deliberate, determine and act jointly for common purpose.

In India, a non-profit organization for a charitable purpose can be registered as a Trust, Society and Section 8 Company. A charitable purpose is defined under Section 2(15) of Income Tax Act "charitable purpose" includes relief of the poor, education, yoga, medical relief, Preservation of monuments or places or objects of artistic or historic interest, etc.

advancement of any other object of general public utility".

Trusts, Societies and Section 8 companies are set up to provide service to the community and not with a profit motive. All of them are formed for social welfare and development, but they are not same.

### Summary of differences

Basis of difference	Trust	Society	Section 8 Company
<b>Meaning</b>	It is an agreement between parties, whereby one party holds the ownership of property for the benefit of another party	It is a collection of persons, who come together for initiating any literary, scientific or charitable purpose	It is a non-profit enterprise formed with a commercial, social, charitable or any other such objective and intends to apply its profits for promoting such objectives.
<b>Registration</b>	As NGO/Non Profit Organizations	As NGO/Non Profit Organizations	As NGO/ NPO, and enjoying the privileges of a limited company without using the words "Limited" or "Private Limited" in its name
<b>Statute</b>	The Indian Trusts Act	The Societies Registration Act, 1860.	The Companies Act, 2013



<b>Regulating authority</b>	Deputy Registrar of the relevant area.	Registrar or Deputy Registrar of Societies of the State.	Registrar of Companies (ROC) or Regional Director
<b>Constitution Document</b>	Trust Deed	Memorandum of Association and Rules & Regulations.	Memorandum of Association and Articles of Association.
<b>Minimum Eligibility Requirement</b>	Minimum 2 trustees	Minimum 7 members.	Minimum 2 directors and shareholders. Same person can be director and shareholder.
<b>Time Period involved in registration</b>	15-20 days	20-25 days	30-45 days
<b>Stamp Duty</b>	Non-Judicial Stamp duty is required as per the State Stamp Act, vary from state to state.	No Stamp duty is required	No Stamp duty is required
<b>Geographical area of operation</b>	Whole of India	State wise, but can operate in whole of India after taking All India Registration	Whole of India
<b>Legal Title</b>	Vests in the hands of trustees.	Held in the name of the society	Held in the name of the society

<b>Board of Management</b>	By Trustee or Board of Trustees	By Managing Committee or by the Governing Council	By the Board of Directors
<b>Amendments</b>	Through a supplementary deed	Through MOA and the Rules & Regulations	As per the directions given under The Companies Act, 2013
<b>Annual Compliance</b>	There are some annual compliance requirement	Annual filing of list of names, addresses and occupations of members of the Managing Committee, with the Registrar of Societies.	Annual compliance of filing of accounts and filing of annual return, with the Registrar of Companies (ROC).
<b>Dissolution</b>	Generally, public trust cannot be dissolved.	A society may be dissolved with the approval of 3/5th members of the society.	A Section 8 company may be wound up as prescribed under the Companies Act.

**1. MCA notifies Companies (Indian Accounting Standards) Amendment Rules, 2020****[F.No.01/01/2009-CL-V (Pt.VIII)]****New Delhi, the 24th July, 2020**

The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2020.

The Amendments have been made to the IndAS 1 related to Presentation of Financial Statements; IndAS 103 related to Business Combinations; IndAS 107 related to Financial Instruments i.e. Disclosures; IndAS 109 related to Financial Instruments; INdAS 116 related to Leases; INdAS 8 related to Operating Segments; IndAS 10 related to Events after the Reporting Period; IndAS 34 related to Interim Financial Reporting and IndAS 37 related to Provisions, Contingent Liabilities, and Contingent Assets, which are notified so far.

In Indian Accounting Standard (Ind AS) 103, for paragraph 3, the “an

entity shall determine whether a transaction or other event is a business combination by applying the definition in this Ind AS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall account for the transaction or other event as an asset acquisition. Paragraphs B5–B12D provide guidance on identifying a business combination and the definition of a business,” shall be substituted.

In Indian Accounting Standard (Ind AS) 107, after paragraph 24G, the

“Uncertainty arising from interest rate benchmark reform,” shall be inserted.

In Indian Accounting Standard (Ind AS) 109, after paragraph 6.7.4, the temporary exceptions from applying specific hedge accounting requirements; highly probable requirement for cash flow hedges; reclassifying the amount accumulated in the cash flow hedge reserve; assessing the economic relationship between the hedged item and the hedging instrument; designating a component of an item as a hedged item; end of application; and Transition for hedge accounting (Chapter 6) shall be inserted.

In Indian Accounting Standard (Ind AS) 116, in Appendix C after paragraph C20, the COVID-19 related rent concessions for lessees shall be inserted. In Indian Accounting Standard (Ind AS) 1, in paragraph 7, for the definition of the term “Material”, the “Information is material if omitting, misstating or obscuring it could reasonably be

expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity,” shall be substituted.

In Indian Accounting Standard (Ind AS) 8, in paragraph 5, for the definition of term ‘Material’, “the term “Material”, used in this Standard shall have the same meaning as assigned to it in paragraph 7 of Ind AS 1,” shall be substituted.

In Indian Accounting Standard (Ind AS) 10, for paragraph 21, “If non-

adjusting events after the reporting period are material, non-disclosure could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. Accordingly, an entity shall disclose the following for each material category of the non-adjusting event after the reporting period of the nature of the event; and an estimate of its financial effect, or a statement that such an estimate cannot be made," shall be substituted

**2. MCA extends term of office of Judicial Member as Acting President, at NCLT for 1 month [F. No. A-45011/49/2019-Ad.IV] New Delhi, the 17th July, 2020**

The Ministry of Corporate Affairs (MCA) notified the extension of the term of office of Shri Bethala Shantha Vijaya Prakash Kumar, Member (Judicial), as Acting President, National Company Law Tribunal (NCLT) for a period of one

month until a new President is appointed.

"In continuation of this Ministry's notifications S.O. No.72(E) dated 03rd January 2020 and S.O. 1393(E) dated 29th April 2020, the term of office of Shri Bethala Shantha Vijaya Prakash Kumar, Member (Judicial), as Acting President, NCLT is further extended for a period of one month with effect from 05.07.2020 or until a regular President is appointed or until further orders, whichever is earliest," the notification said.

### 3. MCA enables Form PAS-6 for E-Filing

The Ministry of Corporate Affairs (MCA) has enabled the Form PAS-6 for E-filing with effect from July 15, 2020.

Form PAS -6 is a half-yearly audit report on reconciliation of Share Capital which is signed by a PCS/ CA, i.e. all information shall be furnished within 60 days from the end of each half-year (30th September/ 31st March) for each ISIN separately.

The substituted Rule 9A(8) so far provided that the audit report provided under regulation 55A of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 shall be submitted by the unlisted public company on a half-yearly basis to the Registrar under whose jurisdiction the registered office of the company is situated.

The MCA has also advised Stakeholders to take note and plan accordingly.

### 4. MCA extends Deadline of filing of Form NFRA-2

The Ministry of Corporate Affairs (MCA) notifies the extension of the last date of filing of Form NFRA-2. It has been decided that the time limit for filing of Form NFRA-2, for the reporting period FY 2018-19, will be 270 days from the date of deployment of this form on the website of the National Financial Reporting Authority (NFRA).

NFRA has been constituted to oversee the quality of accounting and auditing services of the companies. All the auditors of the company, covered under Rule 3 of the NFRA Rules 2018, are required to file.

## **1. Notification No. 59/2020 – Central Tax New Delhi, the 13th July, 2020 CBIC extends due date for filing GSTR-4**

The Central Board of Indirect Taxes and Customs (CBIC) extended the due date for Financial Year 2019-20 to August 31, 2020, which earlier was July 15, 2020.

GSTR-4 is a return which is required to be filed by a GST composition dealer. A dealer opting for the GST composition scheme is required to furnish only 1 return which is GSTR-4. It is to be noted that GSTR-4 filing has not yet been implemented on GST Portal.

## **2. CBIC issues clarification on GST on Hand Sanitizers**

The Central Board of Indirect Taxes and Customs (CBIC) has issued a clarification on Goods and Services Tax (GST) on Hand Sanitizers.

It is stated that hand sanitizers

attract GST at a rate of 18%. Sanitizers are disinfectants like soaps, anti-bacterial liquids, Dettol, etc. which all attract duty standard rate of 18% under the GST regime.

## **DIRECT TAX**

**1. Extension of Due dates:** Extension of deadlines for tax deducted at source (TDS) and tax collected at source (TCS) statements:

Nature of Compliance	New due dates notified
Form 16 for TDS on Salary during FY 2019-20	15-08-2020
Form 16A for TDS on income other than salary for Q4 of FY 2019-20	15-08-2020
TCS certificate for Q4 of FY 2019-20	15-08-2020

## 2. ITR Due date extension

### **Notification No. 56/2020-Income Tax**

CBDT extends the due date for filing of Income Tax Returns for FY 2018-19 (AY 2019-20) from 31st July, 2020 to 30th September, 2020.

## 3. Party Wise Break up of TCS

### **Notification No. 54/2020-Income Tax/ G.S.R. 464(E)**

Under the amendment, the rules of TCS (Tax Collected at Source) has been changed by the board. Now, the assessee is required to report the amount on which the TCS is not collected from the buyer. According to section 206C(3), every collector is required to furnish a statement of tax collection and deposit of TCS in the prescribed form and within the prescribed time limit after paying the tax collected to the credit of the Central Government

## 4. National Pension Scheme Tier II- Tax Saver Scheme 2020

### **Notification No. 45/2020-Income Tax**

Tax benefit of Section 80C will be available to the Government employee if, they contributes t

owards Tier-II of NPS. Benefit is notified under Section 80C (2) (xxv) Income-tax Act, 1961 (43 of 1961) read with National Pension Scheme (NPS) Tier II-Tax Saver Scheme, 2020. Notification No. 45/2020-Income Tax.

### **NPS Tier 2 Tax Benefits:**

If a Government employee contributes towards Tier-II of NPS, the tax benefit of Section 80C for deduction up to Rs. 1.50 lakh will be available to them provided that there is a lock-in period of 3 years. The contribution made in the National Pension System (NPS) qualifies for tax benefits under the Income Tax Act, 1961. On the



amount invested in NPS, one can avail tax breaks under Section 80CCD (1), Section 80CCD(1B) and Section 80CCD (2) of the I-T Act. Importantly, as per Section 80CCE, the aggregate amount of deduction under Section 80C, 80CCC and 80CCD(1) cannot exceed Rs 1.5 lakh in a financial year.

### **5. Infrastructure sub-sectors business – section 10(23FE) exemption**

#### **Notification No. 44/2020- Income Tax**

The Central Board of Direct Taxes (CBDT) notified the amended Harmonized Master List of Infrastructure Sub-sectors, which shall be enforced from April 1, 2021, and shall be applicable for the assessment year 2021-22 and subsequent assessment years. The notification provides that infrastructure sub-sectors in the said Harmonized Master List of Infrastructure Sub-sectors shall not include the business already provided in the said item (b). CBDT widens the definition of infrastructure under Section 10(23FE) to align it with the

Harmonized List of Infrastructure notified by DEA. This will encourage investment from certain entities including those of notified Sovereign Wealth Funds & Pension Funds in a wide range of infrastructure as per the List.

### **6. Amendments in rule 31A and form no. 26Q**

#### **Notification No. 43/2020**

The Central Board of Direct Taxes (CBDT) mandates providing certain information relating to cash withdrawals under section 194N in Form No. 26Q. The Board also mandates that details of interest liable to TDS under section 194A be mentioned even where tax

is not deducted or deducted at a lower rate.

The Board seeks to amend the Income-tax Rules, 1962, which came to be known as the Income-tax (16th Amendment) Rules, 2020. This will come into force from July 3, 2020. In rule 31A (4), in clause (viii), after the words “not deducted”, the words “or deducted at a lower rate” shall be inserted. In rule 31A (4), for clause (ix) the “furnish particulars of the amount paid or credited on which tax was not deducted or deducted at a lower rate in view of the notification issued under the second proviso to section 194N or in view of the exemption provided in the third proviso to section 194N or in view of the notification issued under the fourth proviso to section 194N,” shall be substituted from the 1st day of July 2020.

<b>Compliance Due Date</b>	<b>Concerned (Reporting) Period</b>	<b>Compliance Detail</b>	<b>Applicable To</b>
<b>7<sup>th</sup> Aug</b>	<b>Jul, 2020</b>	<b>Deposit of Tax Deducted</b>	<b>Non-government deductors</b>
<b>14<sup>th</sup> Aug</b>	<b>June, 2020</b>	<b>Issue of TDS certificate u/s 194IA and 194IB- Form 16B &amp; 16C</b>	<b>All deductors</b>
<b>15<sup>th</sup> Aug</b>	<b>April to June, 2020</b>	<b>Quarterly TDS certificate (other than salary)- Form 26QB &amp; 26QC</b>	<b>All deductors</b>
<b>15<sup>th</sup> Aug</b>	<b>Jul,2020</b>	<b>Deposit of Provident Fund Contributions</b>	<b>Entities registered with PF Authorities</b>
<b>15<sup>th</sup> Aug</b>	<b>Jul,2020</b>	<b>Deposit of E.S.I.C Contributions</b>	<b>Entities registered with ESIC Authorities</b>
<b>30<sup>th</sup> Aug</b>	<b>Jul, 2020</b>	<b>Challan-cum-statement for TDS u/s 194IA and 194IB</b>	<b>All deductors</b>

# Indirect Taxes

## COMPLIANCE CALENDAR

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
3 <sup>RD</sup> Aug	April-20 to June-20	Return for Outward supplies GSTR-1	Quarterly Taxpayers with LATE FEE Applicable from 04-08-2020
5 <sup>th</sup> Aug	June 20	Return for Outward supplies GSTR-1	Monthly Taxpayers with LATE FEE Applicable from 06-08-2020
10 <sup>th</sup> Aug	Jul,2020	Return for Outward Supplies of Taxable Goods and/or Services- GSTR – 1	Taxpayers with Annual Turnover more than 1.5 crores
20 <sup>th</sup> Aug	Jul,2020	Summary Return of Outward and Inward Supplies along with payment of Tax- GSTR – 3B	GST Taxpayers- For Turnover More than Rs.5 Crore
22 <sup>nd</sup> Aug	Jul,2020	Summary Return of Outward and Inward Supplies along with payment of Tax- GSTR – 3B	GST Taxpayers- For Turnover less than Rs.5 Crore

# Indirect Taxes

## COMPLIANCE CALENDAR

<b>28<sup>th</sup> Aug</b>	<b>Jul,2020</b>	<b>Return for details of goods and services purchased in India- GSTR – 11</b>	<b>Taxpayer claiming Refund &amp; having UIN</b>
<b>30<sup>th</sup> Aug</b>	<b>Jul,2020</b>	<b>Return for TDS under GST- GSTR – 7</b>	<b>Government Authorities</b>
<b>31<sup>st</sup>Aug</b>	<b>Jul,2020</b>	<b>Return for Details of Supplies and the amount of tax collector- GSTR – 8</b>	<b>E-Commerce Operator</b>
<b>31<sup>st</sup>Aug</b>	<b>Jul,2020</b>	<b>Return for details of ITC received and distribution- GSTR – 6</b>	<b>Input Service Distributors</b>
<b>31<sup>st</sup> Aug</b>	<b>Jul,2020</b>	<b>Summary Return of Outward taxable supplies and tax payable- GSTR – 5 &amp; 5A</b>	<b>Non-Resident Foreign Taxable person &amp; OIDAR</b>

<b>Compliance Due Date</b>	<b>Concerned (Reporting) Period</b>	<b>Compliance Detail</b>	<b>Applicable To</b>
<b>14<sup>th</sup> Aug</b>	<b>F.Y 2019-20</b>	<b>FLA Return to RBI</b>	<b>All companies which have FDI and/or made overseas investment in any of the P.Y</b>



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