PKP NEWSLETTER

An initiative by Pratapkaran Paul & Co.,

VOLUME
12
October 2020

Disclaimer

The information contained in this document is prepared by Pratapkaran Paul & Co. (PKP) and is furnished to the recipient, for information purposes only. The views and expression expressed or implied in the PKP Monthly newsletter are those of the authors and do not necessarily reflect those of PKP & Co…

In no way should this document be treated as marketing or efforts to solicit a client. Material in this publication may not be reproduced whether in part or wholly without the consent of PKP & Co. PKP & Co will not be liable for any loss or damage caused by the readers reliance on information obtained through this report.

PKP & Co. does not assume any responsibility or liability for any loss or damage, resulting from use of this report or from any content for communications or material available in this report. The contents are provided for your reference only.

Inside...

Hello...!

We hope that all of you are social distancing and maintaining strict standards of hygiene. Working remotely is now the new norm and we felt almost no difference in getting this month’s newsletter ready. As our country and the world gears up to slowly reopen it’s economies, let us too ensure that we are ready for this juncture in history. We hope that this edition is both informative and instructional. Our thanks and best wishes to you all Stay safe!

Regards,
PKP Presentation Team

Managing Partner's Address

Dear PKPians,

It gives me great pleasure to note that this will the 12th edition of the Newsletter.
As is oft mentioned,
" Time and tide wait for no one " .
It is hard to believe that it is a year since we started this and it has been growing from strength to strength. I do hope it will continue to be useful to all the recipients.

Covid has now become the new normal and we have had to adapt to the changing scenario. We have managed to complete our assigned tasks, maybe not in the time frame envisaged.
The deadlines now loom large, like the dark clouds in October. However, we have now ensured that the work is planned and there is no time lag or delay to ensure completion on time.
I must compliment the staff for this and for rising up to the occasion, by reporting for duty when we reopened the office.

The month passed has seen some radical changes in Labour laws, which may very well change the scenario in the field. This has been covered in the issue to give glimpses of what it means and covers.

The stimulus packages are beginning to show some results, though certain sectors of the economy still need more attention. The Supreme Court judgement on the treatment of loans , moratorium , interest on interest is awaited . This is also expected to give some further relief to the MSME sector.

Tamilnadu seems to be in the forefront in receiving FDI in areas of electronics, renewable energy and of course in Automotive and IT sectors. We have in these difficult times , added on new clients and the credit should go to all the staff, who with diligent work and enthusiasm have risen beyond the call of duty and addressed the needs and requirements of clients. I must also add here, that this is not the case with everybody and it was surprising to note the laidback approach of a few. We have ensured that the atmosphere is conducive for the enrichment of knowledge and are not holding back on our efforts.
I guess some , who do not realise this, will be the losers.

Wishing all of you the very best for your exams and continue to stay safe.

Pratapkaran Paul
Managing Partner

TCS on sale of Goods u/s 206C(1H) Of Income Tax Act,1961

Venin Raj S
Chartered Accountant

❖ Introduction:

From Oct 1, 2020, a new provision for collecting Taxes on the sale of goods was enforced. It was dealt in Sec. 206C (1H) of the Income Tax Act, 1961. The CBDT also issued a circular No. 17 in this regard on 29th Sep 2020 & a press release dated 30th Sep 2020.

Long & Short of the Provision:

The new provisions came into force with effect from 1st Oct 2020. This provision is applicable for the assessees whose Turnover exceeded Rs. 10 crores in the previous Financial Year i.e. the year ended 31st Mar 2020 for the FY 2020-21. Such assessee will have to collect and deposit Taxes on receipts for sale of goods from the buyers, from whom they have received beyond Rs. 50 Lakhs as sale consideration during the current Financial year. The TCS is payable on the amount of receipt exceeding Rs. 50 Lakhs and received after 1st Oct 2020. The rate of TCS is 0.1% (Relaxation announced owing to COVID-19 Pandemic the tax rate up to 31st Mar 2021 is 0.075%)

Points requiring attention,

No Taxes needs to be collected in the following scenarios,

- If the turnover in the Previous Financial Year did not exceeds Rs. 10 crores.
- If the receipt from the buyer does not exceed Rs. 50 lakhs in the current Financial Year.
- If the receipt from the buyer exceeds Rs. 50 lakhs prior to 1st Oct 2020 & not received any payments on or after 1 October 2020.

Payments received here refer only to payments received in connection with "sale" of goods. This is receipt-based taxation. Hence, even if you received payments in advance for supply of Goods, the TCS provisions are applicable.

Lets Visualise with some Eg:

1. If the assessee "received" **Rs. 5** Crores as advance for sale of Goods from one buyer between 1st Apr 2020 & 30th Sep 2020 but out of the total supply promised the assessee had to supply goods worth Rs. 2 crores after 1st Oct. Should it collect Taxes on this Rs. 2 Crores?

No. The assessee need not collect any Taxes though it had to supply the goods on or after 1st Oct. 2020. The TCS provision is a receipts-based tax and is applicable from 1st Oct 2020. As the assessee is not going to receive any amount on or after 1st Oct 2020 from the buyer no Taxes needs to be collected.

2. A sale of Rs. 5 crores was made between 1st Apr 2020 & 30th Sep 2020 to a buyer out of which Rs. 4 crores was received till 30th Sep & balance Rs.1 crore was received on or after 1st Oct 2020, In this scenario the assessee had to collect Taxes on Rs. 1 Crore even though no supply is made on or after 1st Oct 2020 as the tax collection is based on receipt of payment irrespective of the date of sales.

3. The Assessee had made a sale of Rs. 55 lakhs to a dealer between 1st Apr 2020 & 30th Sep 2020 and out of this Rs 45 lakhs was received up to 30th Sep 2020 and Rs 10 lakhs was received on 2nd Oct 2020, In this scenario the assessee had to collect taxes on Rs. 5 Lakhs out of receipts made after 1st Oct 2020. Because the taxes are to be collected only on the receipts exceeding Rs. 50 lakhs in the whole year and in this case the total recovery made for the full Financial Year is Rs. 55 lakhs thus, the taxes are to be collected only on Rs. 5 Lakhs. In order to find the Limit of Rs. 50 lakhs all the amount received from 1st Apr 2020 will be counted but the taxes needs to be collected only on the amount which was received on or after 1st Oct 2020 as the provision is applicable only from 1st Oct 2020.

Let us try to understand this point from other facet. If the receipt was Rs.50 Lakhs up to 30th Sep 2020, then taxes should be collected on every amount received on or after 1st Oct 2020. Because the annual limit of Rs.50 Lakhs was exhausted by 30th Sep 2020. If not, then the amount received on or after 1st Oct 2020 had to be added to the total amount received in the current Financial Year and when the total receipts exceeds Rs. 50 lakhs then taxes needs to be collected for the consideration received beyond the limit

5. The press release made on 30th Sep 2020 clarified that the assessee need not identify whether the amount received post 30th Sep 2020, as whether it pertains to supplies made prior to 30th Sep 2020 or after. Because the tax to be collected is on receipt basis. Thus, the date of sales is not the deciding factor rather the date on which the amount was received in that regard should only be considered for the collection and deposit of taxes.

Other Concerns relating to this Provision:

1. Does This also apply To The Supply Of Services?

No. The new TCS provision is only in relation to “sale of goods” and services are not included here. Therefore, this provision is not applicable to the receipt of consideration in relation to supply of services.

2. Should TCS be charged in the invoice?

It is not mandatory in the law and it depends on choice of the seller. If taxes are collected and deposited up on receipt of the payment, then the requirement of law is met and it is immaterial whether it is disclosed in the Invoice or not.

But usually invoice is used as a tool to inform the customer that the assessee is under an obligation to collect taxes & the customer knows that he / she had to pay the taxes and there won’t be any dispute at the time of payment. If TCS was not disclosed in the invoice then the assessee may have to raise a debit note to the extent of the TCS portion upon receipt of payment.

3. Whether any adjustment is required to be made on account of Sales return / discount / indirect taxes including GST?

No. no adjustment on account of sale return or discount or indirect taxes including GST is required to be made for collection of tax.

4. When To Deposit the taxes after collecting It from the buyers?

The responsibility for collection of taxes will arise on receipt of payment from the buyer and the assessee had to deposit it to the government on the 7th day from the end of the month in which the payment was received. For eg, if the payment relating to the sales made in Sep 2020 was received in Oct 2020, then TCS has to be deposited by 7th Nov 2020.

5. If the Goods sold were already subject to collection of taxes under other existing provisions of TCS In Income Tax Act, 1961. Should Taxes be collected again under the current section ?

No. The goods which were already subject to TCS will continue to be collected under the same existing provision. The new provisions of TCS will not apply in relation to sale of such goods. E.g. Sale of Tendu leaves, liquors for human consumption, scraps etc.

6. Having said as above, TCS is already applicable for selling of Motor Vehicles above Rs. 10 Lakhs, Then does the current TCS provision has any impact on the automobile sector?

Yes. Because the existing TCS provision is applicable only to automobiles sector for selling of a Motor vehicle above Rs. 10 lakhs to the end customer and it is not applicable for the transfers made between manufacturer and the distributor / dealer / sub-dealer. Thus, the automobile sector is not covered under the existing TCS provision should also comply with the new TCS provision.

7. Who are all excluded from the new TCS provision?

i. Export sales of Goods.

ii. If the buyer is Central Government, State Government, Embassy of any other country etc., local bodies like – Municipality etc.,

iii. Goods which are already under TCS provisions like Tendu leaves, liquor for human consumption, scraps etc.

v. Any other person as may be notified by the Government,

i) transactions in securities and commodities, traded through recognized stock exchanges / cleared by the recognized clearing corporation.

ii) transactions in electricity, renewable energy certificates and energy saving certificates traded through power exchanges registered in accordance with Regulation 21 of the CERC.

8. Should GST be charged on the TCS portion of the Invoice aswell?

No. The value of supply under GST does not include the Tax collected at source (TCS) under the provisions of the Income Tax Act, 1961. Thus, no GST shall be charged on the TCS portion of the invoice. *Circular No. 76/50/2018-GST dated 7th March 2019*

9. What is the rate at which the taxes needs to be collected if the buyer does not furnish his / her PAN?

In case, buyer does not provide PAN or Aadhar number to the seller the rate of TCS shall be 1% instead of 0.1%

Grey Areas:

1. TCS is to be collected on the "Consideration for Sales" received. The term "Consideration for Sales" is not defined in the Act / by any Judicial rulings.
2. If an assessee supplies both Goods & Services to a buyer then the manner in which the realisation should be setted off against supply of goods & services is still ambiguous.
3. More clarity is required on the amount received as Security deposits which would subsequently be refunded / adjusted against the supply of goods upon termination of the contract.
4. Whether the Taxes needs to be collected on the sales made that are not in the ordinary course of business?
5. How the Taxes needs to be collected for Barter Transactions? And so on….

Extract from the Act for Reference:

Sec. 206C (1H) - *Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax:*

Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words "five per cent", the words "one per cent" had been substituted:

Provided further that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.

Explanation.—For the purposes of this sub-section,—

(a) "buyer" means a person who purchases any goods, but does not include,—

(A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or

(B) a local authority as defined in the Explanation to clause (20) of section 10; or

(C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;

(b) "seller" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

Credits – An article by CA SUDHIR HALAKHANDI in "Taxguru"

All About Credit Cards

Gayathri Sundarrajan
Article Assistant

Content's Miniature,

❖ Introduction

A Credit card is a thin rectangular plastic card issued by financial institutions, which lets to borrow funds from a pre- approved limit to pay for the purchases. The limit is decided by the institution issuing the card based on the applicant's credit score and past track records. A Credit card is a method of payment which enables the cardholder to purchase goods or avail services without paying cash up front.

Here is a list of different types of credit cards based on various criteria:

Basic Credit Cards

- Basic credit card will be the preferred choice for those who wish to try out using a credit card in the initial phase. The credit limit is fixed based on the income and spending can be made within the sanctioned limit. There are no additional benefits extended on transacting with the card.

Secured Credit Cards

- Individuals who have a poor credit history can get hold of a secured credit card by making a deposit equal to the credit limit of the card. This deposit acts as a security to issue the credit card for banks. The bank may waive the requirement of the security deposit if the cardholder makes prompt repayment of the amount due.

No Annual fee Credit Cards

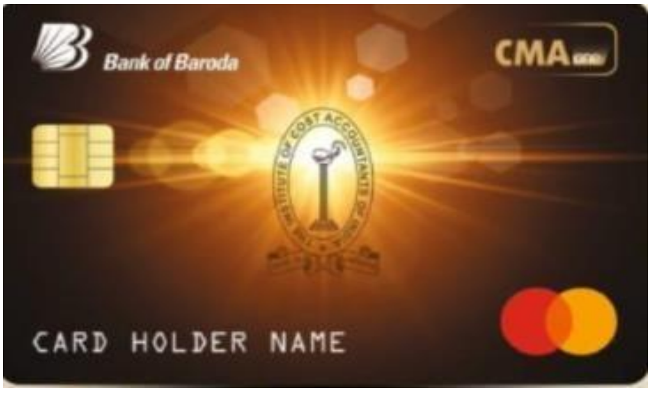
- A No annual fee credit card is the one that does not levy an annual fee for the usage of the credit card. It can be considered as a basic credit or slightly above that level that provides very few benefits. Individuals at the entry-level of credit card usage or those who make limited use of the card would prefer a no annual fee credit card.

Low-Interest Credit Cards

- Credit cards that offer a lower interest rate as compared to the other cards from a similar category is known as a low-interest credit card.
- However, this category is different from the balance transfer cards as the interest rate will not be as low as 0% and the rates are not valid for a specified time as in the latter case.

❖ **Student Credit Cards**

➢ The primary users of this category of cards are college students. The card considers the fact that students do not, often, have a credit history. The approval for a student credit card has fewer criteria to be satisfied as compared to the other full-fledged cards. It also comes with a lower interest rate. **Eg: ICMAI Students Credit Card**



❖ **Business Credit Cards**

➢ These cards are designed specifically for business use. This is to make sure that business and personal expenditure are maintained separately. However, a good credit history is a prerequisite to receive a business credit card.

❖ **Prepaid Cards**

➢ Prepaid cards require you to load money before they can be used. Every transaction you make with the card, funds gets reduced from the card balance. There is no finance charge or minimum payment criterion applicable to this card.

How do Credit Cards work?

❖ To make some purchases at a shop, we typically insert the credit card into a card reader so it can read the security chip on the card. We may also be asked to enter our billing ZIP code. At an online retailer, we'll be asked to enter the card number, expiry date, security code (typically found on the back of the card), and our name and billing address.

- When we swipe our credit card to make a purchase, the merchant's credit card terminal asks our credit card issuer whether the card is valid and has enough available credit.
- Our credit card issuer then sends back a message stating whether the transaction is approved or declined. If it's approved, we're good to go. If not, we may have hit our credit card limit or our card may have been deactivated due to suspected fraudulent activity.
- This doesn't necessarily mean our identity has been stolen; card issuers may deactivate our card and get in touch if we've made unusual purchases.

For example

☞ If we travel abroad, our card issuer may deactivate our card until it confirms that we're the one who made the purchases.

Let us see a Practical example-

Mr. A has a good Credit Score Rating and so he was offered a Basic Credit Card with a Maximum limit of Rs.30,000 per month starting from **October 1st,2020.**

He can spend this amount from **October 1st , 2020 to October 31st ,2020**.Assuming that the Bank will generate a statement regarding the amount spent by him (for Oct'20) on **1st,November, 2020**, He is required to make the repayment within 20 days starting from **November 1st ,2020**

To have a better Clarity,
Let us take two scenarios on the above example:

Scenario 1 Mr. A purchased a Mobile Phone worth Rs.25,000 on **October 5th 2020.** Statement is generated by the bank on **November 1st,2020.** Last date to repay Bank -**November 21st,2020.**
Scenario 2 Mr. A purchased a Mobile Phone worth Rs.25000 on **October 28th 2020**. Statement is generated by the bank on **November 1st,2020.** Last date to repay Bank -**November 21st,2020**

Analysis:

- In both the Scenarios, the due date is **21st November,2020.**
- In **Scenario-1**, Mr. A will get more time for repayment as because the purchases were made at the beginning of the month but in **Scenario-2,** he won't get much time as the purchases were made at the end of the month.
- So, it is to conclude that the due date for making payment depends upon the Bank Statement irrespective of the date of actual purchases.

Credit Score Rating

A credit score is a number between 300–850 that depicts a consumer's creditworthiness. The higher the score, the better a borrower looks to potential lenders. A credit score is based on credit history: number of open accounts, total levels of debt, and repayment history, and other factors. Lenders use credit scores to evaluate the probability that an individual will repay loans in a timely manner.

Excellent:	800 to 850
Very Good:	740 to 799
Good:	670 to 739
Fair:	580 to 669
Poor:	300 to 579

Debit Card vs Credit Card

An Example,
Consider two customers who each purchase a television from a local electronics store at a price of Rs. 50,000. One uses a standard debit card, and the other uses a credit card. The debit card customer swipes his card, and his bank immediately places a Rs. 50,000 hold on his account, effectively earmarking that money for the television purchase and preventing him from spending it on something else. Over the next one to three days, the store sends the transaction details to the bank, which electronically transfers the funds to the store.
The other customer uses a traditional credit card. When he swipes it, the credit card company automatically adds the purchase price to his card account's outstanding balance. He has time to repay the debt until his next billing due date, by paying some or all of the amount shown on his statement.

Advantages of having a Credit Card

Practical & Convenient
Savings & Privileges
Increases Credit Score

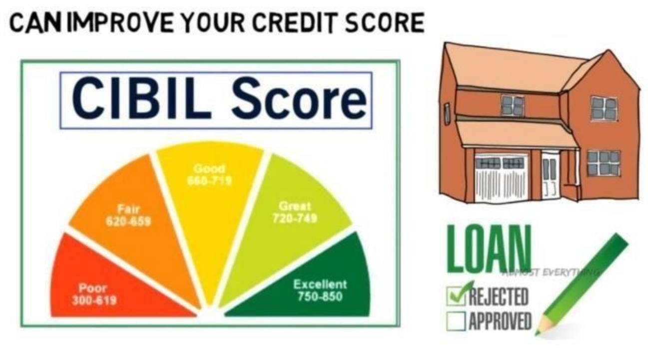
Security
Rotation of Cash
Low Risk on Online Transactions
Emergency Cash

- **Practical & Convenient** -As most cards are widely accepted in almost every store and across the globe, having a credit card allows us to buy almost anything even when we do not have enough money for the same

- **Security-** Buying high-priced items with a credit card will save us from the risk and trouble of carrying huge amounts of cash. In addition, carrying a credit card instead of huge amounts of cash is also safer when travelling overseas.

- **Emergency Cash**- A credit card usually comes with a cash advance feature which allows cardholders to withdraw a certain amount of cash from the card issuer. This is especially useful during unforeseen situations such as a medical emergency.

- **Savings and Privileges-** Nowadays, credit cards offer lots of perks including cash back, reward points, airmiles or special privileges such as discounts at selective merchants. Cardholders can enjoy these benefits, which can save some money in the long run.



- **Increases Credit Score-** When Credit Card payments are made promptly and regularly within the due date , it helps us to increase the Credit Score Rating

- **Rotation of Cash** - As Credit Cards gives us Interest free Loan for a specified period, it helps us to rotate the available cash for various useful purposes and it can also be invested for growth.

- **Low Risk on Online Transactions** - At the time of making Online Payments, if our credit card has been hacked, we would suffer only a minimal damage (that is maximum to the approved limits of such credit cards) whereas in case of Debit Cards, the total money would be under high risk.

Disadvantages of having a Credit Card

1. Overspending

We might be tempted to swipe our credit card at every given opportunity because of a credit card's convenience and practicality. As a result, we might end up spending more than we can afford without even realizing it.

2. Debt risk

Overspending with the credit card will then put in debt risk. Many facing such problems, end up paying only the minimum amount which will further increase their debt burden as interest charges climb.

3. Interest payments

The debts will of course have interest rates. Interests will be charged on any outstanding credit card balances after the interest-free period. Hence, cardholders who do not settle their card balances on time will have to pay more for their spending.

4. Credit card vs. Charge card

Some people might think that a charge card is the same as a credit card because both cards enable cardholders to spend now and pay later. They do have their similarities, more than their differences. However, they are not identical as there are two major differences.

5. Fraud

Carrying a credit card might be safer than carrying wads of cash around but this payment technology is still vulnerable to fraud. You might end up with bills which you did not swipe for.

6. Payment

A charge card requires the card balance to be paid in full each month. Otherwise, late charges are incurred and card use may be restricted if payment isn't made. A credit card only requires a minimum payment and the balance can be carried forward and interest charged.

7. Spending limit

There is typically no spending limit on a charge card while there is on a credit card.

"With great power, comes great responsibility"

How to use Credit Cards Smartly?

- Having a credit card can either make our life easier or harder depending on how we use it. It is a convenient way to pay for almost anything but it is important to remember that a credit card is a type of unsecured loan. An unsecured loan is a loan given without any security or collateral such as a house or a fixed deposit. Such loans are risky for banks and hence why credit card **interest rates are usually very high**.

DANGEROUS !!

On the Previous example, if Mr. A fails to make payment within **21st November,2020**, then he is required to pay interest starting from the day on which he swiped the card **(Scenario-1 -from 05/10/2020 & Scenario-2-from 28/10/2020) and not merely from 22nd November,2020).**

Analysis

This is one of the traps where many people falls. In short, we can say that **due date depends upon the Bank Statement date and Interest depends upon the Actual Purchase date.**

- Sometimes, when we fail to make repayments within due dates, the Bank offers us to pay the minimum amount so that the rest of the amount can be paid later. This is also a trap where the Bank Charges Interest at the outstanding bbalance which is not known to many credit card users. So, it is always advisable to **make the repayment in full to avoid over- burden of debt.**

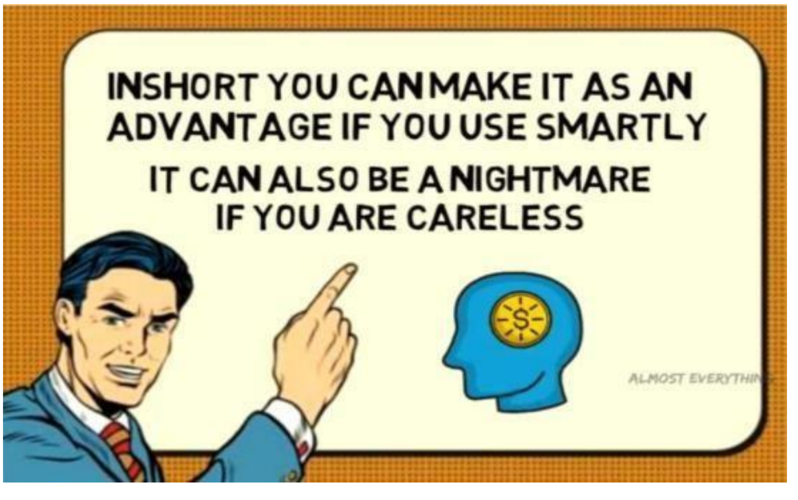
- Some Credit Card users may forget to make repayments even though having sufficient balance in their Bank Accounts. Those type of users can select the **Auto Payment Option** at the time of applying or later which enables the respective bank to deduct the corresponding amounts one or two days before the due date. This helps to avoid Interest for those people who usually don't remember the due dates.

- Some People may already get trapped in the Credit Card Interest. For those people it is always advisable to borrow from their friends or relatives or at least to take a personal loan where the Interest rate is comparatively low to **pay-off such credit card liabilities.**

- It is always advisable to use Credit Cards only for Shopping and Purchases and not for Cash withdrawal. It is because the Interest free period is only for Shopping and Payments and in case of Cash withdrawal, Interest is charged from Day- 1.

Conclusion

Credit card has undoubtedly made our lives easy but it is important to use credit cards in the right way so that we can make the most of it without getting caught in the credit trap. All we have to do is to keep a track of the purchases, remember the payment cycles, try to settle full credit card payments at the end of every month, avoid spending in excess and carry the cards cautiously. If handled properly and used smartly, Credit cards can serve to be very convenient and it can add more values to our financial stability.



FDI In India – Compliances

K VENKATESH
CHARTERED ACCOUNTANT

❖ **Definition :**

Foreign direct investment (FDI) is an investment made by a firm or individual in one country into business interests located in another country. Generally, FDI takes place

when an investor establishes foreign business operations or acquires foreign business assets in a foreign company.

- For a country where capital is not readily available, Foreign Direct Investment (FDI) has been an important source of funds for companies. Under FDI, overseas money, either by an individual or entity, is invested in an Indian company.

- According to Organization for Economic Co-operation and Development (OECD), an investment of 10% or above from overseas is considered as FDI. In India, foreign direct investment policy is regulated under the Foreign Exchange Management Act, 2000 governed by the Reserve Bank of India.

- The individual or entity of overseas can invest either under Automatic Route which does not require approval from RBI or under Government Route, which requires prior approval from the concerned Ministries/Departments via a single window - Foreign Investment Facilitation Portal (FIFB) administered by the Department for Promotion of Industry Internal Trade, Ministry of Commerce and Industry, Government of India. Link https://fifp.gov.in/

- Apart from specified 11 sectors/activities where Government approval is mandatory, applications where there is a doubt over which Ministry should the application fall under, DIPP has the responsibility of identifying who would be the concerned authority. Proposals from NRIs and Export Oriented Units, applications relating to issues of equity for import of capital goods/equipment, pre-operative/pre-incorporation expenses, etc. are also handled by DIPP.

- For effective handling of cases, monthly reviews by the concerned Ministries/Authorities and quarterly review meetings, co-chaired by Secretary, Department of Economic Affairs and Secretary, DIPP are also proposed to be undertaken to discuss pendency of proposals with the Government.

❖ **Usually the following categories investors invest through FDI.**

- Foreign Portfolio Investors
- Foreign Institutional Investors
- Foreign Venture Capital Investor and
- Non-Resident Indians can hold stakes in Indian business entities (company, partnership firms, proprietary concerns, LLPs) subject to conditions and sectoral caps on ownerships.

Note :

➢ Every non-resident entity is allowed to invest in India either under Automatic or Government Approval Route, except in prohibited sectors. However, individuals or entities of Bangladesh and Pakistan can invest only under Government Route.

❖ Investing through Approval Process

☞ Under this route, a prior approval from the government of India and its concerned ministries is not required. The RBI can be informed after the investment has taken place.

- <u>FDI proposals are processed following a standard operating plan devised by DIPP. The process includes:</u>

1. Submission of proposal and uploading documents (mentioned below) on Foreign Investment Facilitation Portal.

2. Department of Industrial Policy and Promotion (DIPP) assigns the case to the concerned Ministry within 2 working days.

⅄ Submission of physical copies to concerned department is not required in case of digitally signed documents.

⅄ For applications not digitally signed, online communication to applicant will be made to submit one signed physical copy of the proposal to the Competent Authority. Applicants are required to submit required documents within 5 days of such intimation.

3. The proposal is circulated online within 2 days to Reserve Bank of India for review from FEMA perspective. All proposals are

shared with Ministry of External Affairs (MEA) and Department of Revenue (DoR) for record. Any advice / comments from above mentioned departments are directly shared with concerned Administrative Ministry / Department assigned to decide on the proposal.

4. Proposals are scrutinized within 1 week and additional information / clarifications, if required, are asked for.

5. On getting all required information, the Competent Authority is required to give out its decision in next two weeks. Approval/rejection letters are sent online to the applicant, consulted Ministries/Departments and DIPP.

6. Where total foreign equity inflow is more than Rs 5000 crore, the Competent Authority is required to place the same to Cabinet Committee on Economic Affairs for consideration within timelines.

❖ **<u>Following documents are required to be uploaded along with the proposal.</u>**

1. From both Investee & Investor Companies/Entities:

- Certificate of Incorporation
- Memorandum of Association and Articles of Association
- Audited Financial Statement of Last Financial Year
- Board Resolution

2. List of Names, addresses and identification proof of all foreign collaborators of the Investor Company/Entity.

3. Pre-and Post-investment shareholding pattern of the Investee Company.

4. An Affidavit stating that all information provided in hard copy and online is the same and correct.

5. In case of existing ventures, copy of joint venture agreement / shareholders' agreement / technology transfer / trademark / brand assignment agreement (as applicable).

6. Copy of Downstream Intimation.

7. Copy of relevant past FIPB/SIA/RBI approvals, connected with the current proposal.

8. Relevant Foreign Inward Remittance Certificate (FIRC) in case investment has already flowed in.

9. High Court order in case of scheme of arrangement.

10. Valuation certificate as approved by a certified Chartered Accountant.

- **The reporting requirement for any investment in India by a person resident outside India is as follows:**

1. Form Foreign Currency-Gross Provisional Return (FC-GPR) :

- An Indian company issuing capital instruments to a person resident outside India and where such issue is reckoned as FDI shall report such issue in Form FC-GPR to the Regional Office concerned of the RBI under whose jurisdiction the Registered office of the company operates, not later than 30 days from the date of issue of capital instruments.

Issue of 'participating interest/ rights' in oil fields shall be reported in Form FC-GPR.

2. Annual Return on Foreign Liabilities and Assets (FLA) :

- An Indian company which has received FDI or an LLP which has received investment by way of capital contribution in the previous year including the current year, should submit form FLA to the RBI on or before the 15th day of July of each year (to be reckoned as April to March).

3. Form Foreign Currency-Transfer of Shares (FC-TRS) :

a) Form FC-TRS shall be filed for transfer of capital instruments between:

- A person resident outside India holding capital instruments in an Indian company on a repatriable basis and person resident outside India holding capital instruments on a non-repatriable basis; and
- A person resident outside India holding capital instruments in an Indian company on a repatriable basis and a person resident in India.

☆ **Note :**

The onus of reporting shall be on the resident transferor / transferee or the person resident outside India holding capital instruments on a non-repatriable basis, as the case may be.

b) Transfer of capital instruments on a recognised stock exchange by a person resident outside India shall be reported by such person in Form FC-TRS to the Authorised Dealer bank.

c) Transfer of capital instruments on deferred payment basis as provided for in the FDI Regulations 2017 shall be reported in Form FC-TRS on receipt of every tranche of payment.

d) Transfer of 'participating interest / rights' in oil fields shall be reported Form FC-TRS. Form FCTRS is to be filed with the Authorised Dealer bank within 60 days of transfer of capital instruments or receipt / remittance of funds whichever is earlier.

4. Form Employees' Stock Option (ESOP) :

- An Indian company issuing employees' stock option to persons resident outside India who are its employees / directors or employees / directors of its holding company / joint venture / wholly owned overseas subsidiary / subsidiaries shall submit Form-ESOP to the Regional Office concerned of the RBI under whose jurisdiction the registered office of the company operates, within 30 days from the date of issue of employees' stock option.

5. Form Depository Receipt Return (DRR) :

- The Domestic Custodian shall report in Form DRR, to the RBI, the issue/ transfer of depository receipts issued in accordance with the Depository Receipt Scheme, 2014 within 30 days of close of the issue.

6. Form LLP (I) :

- A Limited Liability Partnerships (LLP) receiving amount of consideration for capital contribution and acquisition of profit shares shall submit Form LLP (I) to the Regional Office of the RBI under whose jurisdiction the Registered Office of the Limited Liability Partnership is situated, within 30 days from the date of receipt of the amount of consideration.

7. Form LLP (II) :

- The disinvestment/ transfer of capital contribution or profit share between a resident and a non-resident (or vice versa) shall be reported in Form LLP(II) to the Authorised Dealer Bank within 60 days from the date of receipt of funds.

8. Downstream Investment :

- An Indian company making downstream investment in another Indian company which is considered as indirect foreign investment for the investee company in terms of these Regulations, shall notify the Secretariat for Industrial Assistance, DIPP and file Form DI within 30 days of such investment and, even if capital instruments have not been allotted along with the modality of investment

9. Form Convertible Notes (CN) :

- The Indian startup company issuing Convertible Notes to a person resident outside India shall report such inflows to the Authorised Dealer bank in Form CN within 30 days of such issue.
- A person resident in India, who may be a transferor or transferee of Convertible Notes issued by an Indian start-up company shall report such transfers to or from a person resident outside India, as the case may be, in Form CN to the Authorised Dealer bank within 30 days of such transfer.

❖ Reporting through Single Master Form (SMF) :

- With the objective of integrating the extant reporting structures of various types of foreign investment in India, RBI in its First Bi-monthly Monetary Policy Review on 5 April 2018, had proposed to introduce an online reporting facility through Single Master Form (SMF) which would subsume all reporting requirements, irrespective of the instrument through which the foreign investment is made.
- Accordingly, the RBI has, on 7 June 2018, laid down a roadmap for implementation of the reporting of foreign investments through SMF. SMF provides a facility for reporting total foreign investment by non-resident in an Indian entity viz. Company, LLP and other Investment Vehicle viz. Real Estate Investment Trusts (REITs) / Infrastructure Investment Trusts (InvIts) / Alternative Investment Funds (AIFs).
- This is replica of all forms mentioned above will be file through single form called SMF.
- SMF reporting is now active on the portal provided by RBI.

Kavin Raj S A
Article Assistant

❖ Introduction to GSTR-2B

- GSTR-2B is an auto-drafted Input Tax Credit (ITC) statement generated for every recipient, on the basis of the information furnished by their suppliers, in their respective Form GSTR-1 & 5 and Form GSTR-6 filed by ISD.
- GSTR-2B provides eligible and ineligible Input Tax Credit (ITC) for each month, similar to GSTR-2A but remains constant for a period.
- GSTR-2B has been made available from August 2020 onwards. It can be generated by recipient taxpayers once a month on the 12th of the month next to the tax period.

❖ Benefits of GSTR-2B

- Taxpayers can easily reconcile data generated in GSTR-2B with their own books of accounts and records. Using this reconciliation taxpayers can file their Form GSTR-3B. It ensures that
- The input tax credit is not availed twice against a particular document.
- The Tax credit is reversed as per the GST law in their GSTR-3B.
- GST is correctly paid on a reverse charge basis for the applicable documents.

❖ Steps to access GSTR-2B on the GST portal

- Step 1: Log in to the GST Portal using login credentials.
- Step 2: Navigate to Services > Returns > Returns Dashboard.
- Step 3: Select the Financial Year & Return Filing Period (Month).
- Step 4: Click on the 'GSTR-2B' tab.
- Step 5: Click on the 'Download' button to save the statement on your system.

➤ To just view the Form, click on the 'View' button.

❖ Comparison between GSTR-2A and GSTR-2B

Basis	GSTR-2A	GSTR-2B
Nature	Dynamic, as it changes from day to day, as and when the supplier uploads the documents.	Constant, as the GSTR-2B for one month cannot modify based on future operations of the supplier.
Frequency of Availability	Monthly	Monthly
Source of Information	GSTR-1, GSTR-5, GSTR-6, GSTR-7, GSTR-8	GSTR-1, GSTR-5, GSTR-6, ICES
Input tax credit on Imports	Contains details of ITC of IGST available on imports	Contains details of ITC available on imports as obtained from ICEGATE system

❖ Example:

Invoices filed by supplier in GSTR-1/5 for July 2020.

Date of Invoice	GSTR-1/5 filed on	Will reflect in GSTR-2B of Month	To be taken in GSTR-3B of Month
14-07-2020	11-08-2020	July 2020 (generated on 12th Aug '20)	July-20
14-07-2020	13-08-2020	Aug 2020 (generated on 12th Sept '20)	Can be taken in July 2020, subject to 10% criteria.
15-03-2020	11-08-2020	July 2020 (generated on 12th Aug '20)	Verify if credit has been taken in GSTR-3B of March'20

Labour Codes, 2020

❖ Parliament on 23rd September 2020 approved three key labour reform bills that will remove impediments to winding up of companies and allow firing of staff without government permission in firms with up to 300 workers from the existing 100, a move aimed at attracting more investments and job creation. They are

❖ The Occupational Safety, Health and Working Conditions Code, 2020;

❖ The Industrial Relations Code, 2020; and

❖ The Code on Social Security, 2020 - merging 24 central labour laws in a major boost to labour reforms

Category I

Existing Legislation	New Legislation
Industrial Employment Standing Order Act,1946	**Industrial Relations Code, 2020**
Industrial Disputes Act,1947	
Trade Unions Act, 1926	

Category II

Existing Legislation

- Factories Act, 1948
- Mines Act, 1951
- Dock Workers (safety, Health and Welfare Act, 1986
- The Building and other Workers (Regulation of Employment and Conditions of Service) Act, 1996
- The Plantations Labour Act, 1951;
- The Contract Labour (Regulation and Abolition) Act,1970
- The Inter-State Migrant workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- The Working Journalist and other News Paper Employees (Conditions of Service and Misc. Provision) Act, 1955;
- The Working Journalist (Fixation of rates of wages) Act, 1958;
- The Motor Transport Workers Act, 1961;
- Sales Promotion Employees (Condition of Service) Act, 1976;
- The Beedi and Cigar Workers (Conditions of Employment) Act, 1966

New Legislation

The Occupational Safety, Health and Working Conditions Code, 2020

Category III

Existing Legislation

- The EPF and M.P. Act, 1952
- The ESIC Act, 1948
- The Maternity Benefit Act,1961
- The Building and other Construction Workers Cess Act
- The Payment of Gratuity Act, 1972
- The Employees Exchange (Compulsory Notification of Vacancies) Act, 1959
- The Cine Workers Welfare Fund Act, 1981
- The Unorganized Workers’ Social Security Act, 2008
- Employees Compensation Act, 1923

New Legislation

Social Security Code, 2020

THE INDUSTRIAL RELATIONS CODE, 2020

Key Changes

- The definition of worker will be based on the basis of wages being drawn by him and Worker / Employees with salary up to Rs 18,000 will fall under the category of worker.
- Fixed Term Employment, now employer can keep Fixed Term Employees (FTE) for specific duration and retrenchment compensation not to be paid. These FTE will be entitled same salary or social security as regular Employee.
- Employee can an Industrial raise dispute with the employer within the time limit of only 2 years instead of 3 years.
- Trade union have to give notice of 14 days before going on strike.
- Establishment with less 300 workmen can lay-off, retrenched, closed without government approval, earlier this limit was 100 employees.
- The number of members in the Grievance Redressal Committee has been increased from 6 to 10.
- Definition of "Appropriate Government" has been modified by including the establishments of the contractors, thus contractor appropriate government shall be of the establishment where the contract labour has been deployed.
- The appropriate government shall set up an reskilling fund and the fund shall consist of contribution by an employer equal to fifteen days wages last drawn by the worker immediately before the Retrenchment. The fund shall be utilised by crediting fifteen days wages last drawn by the worker to his account who is retrenched, within forty-five days of such retrenchment, in such manner as may be prescribed.

❖ **Definition of “Employee”** has been added in the code and the term 'employee' has been used invariably with the term worker. viz. 'employee/worker' or 'employee and worker' with

a view to ensure that there is no discrimination in the applicability of labour laws to the employee/worker"employee"

- Definition of “ Employer” has been completely modified under section 2 (m) and as per the new definition employer means :-
  - Head of the department
  - Occupier of the factory
  - Manager of the factory under clause (f) of sub-section (1) of sec 7 of the Factories Act.
  - The person who, or the authority which has ultimate control over the affairs of the establishment and where the said affairs are entrusted to a manager or managing director, such manager or managing director;
  - Contractor; and
  - legal representative of a deceased employer;
- Fixed Term Employment has been incorporated, which is major change introduced in the code
- The code provides that the fixed term employee will get all statutory benefits like ESI, EPF, bonus, wages, etc at par with regular employees who are doing work of same or similar nature.

- The employee would be eligible for gratuity if he renders service under the contract for a period of one year.

- **The definition of "industry"** has been modified and provides that any systematic activity carried on by cooperation between employer and his workers, whether such workers are employed by such employer directly or by or through any agency including a contractor. The definition has specifically excluded institutions owned or managed by organisations wholly or substantially engaged in any charitable, social or philanthropic services; sovereign functions; domestic services.

- Definition of Industrial Dispute has been modified to include the dispute arising out of discharge, dismissal, retrenchment or termination of such worker.
- Metro railway has been included in the definition of railways.
- Maximum number of members in the Grievance Redressal Committee has been increased from 6 to 10 in an industrial establishment employing 20 or more workers.
- Negotiating union or negotiating council" been inserted in the definition.
- The "Trade Union dispute" has been added, which provides dispute relating to Trade Union arising between two or more Trade Unions or between the members of a Trade Union inter se;

Definition of wages has been revised:-

- The First part includes all salary components express in terms of money are capable of being so expressed like basic salary, all reimbursements, all allowances, all benefits.
- Second part of the definition provide specific exclusion like:- Bonus payable under any law, Conveyance allowance, House rent allowance, Overtime Allowance, House Accommodation, Supply of light water medical attendance, other amenities/ service excluded by a General or special order of the appropriate government, Commission, contribution to provident fund/pension, Any sum paid to defray special expenses, Gratuity, Retrenchment Compensation, Remuneration payable under any award or settlement between the parties.
- The Third part of the definition provides that the total excluded components should not exceed 50% of the total remuneration. The third part of the definition provide limit as the definition very clearly specifies the list of exclusions so anything which is paid to the employees other than the exclusion would be covered and within this specific exclusion the limit cannot be more than 50%.
- A new feature of “Recognition of Negotiating Union” has been introduced. The Code provides for a negotiation union in an industrial establishment, having registered trade unions, for negotiating with the employer.
    - If there is only one trade union in an industrial establishment, the employer is required torecognise such trade union as the sole negotiating union of the workers.

- In case of multiple trade unions, the trade union with support of at least 51% of workers on the muster roll of that establishment will be recognised as the sole negotiating union by the employer.

- The provisions of Standing Orders on Industrial establishments will be applicable having 300 or more than 300 workers as notified by the appropriate Government.
- The Code prohibits strikes or lock-outs in any establishment unless a prior notice of 14 days is provided. Similar provisions existed in the Industrial Disputes Act, 1947 for public utility services (such as, railways and airlines). The Code expands these provisions to apply to all industrial establishments. This will impact the ability of workers to strike and employers to lock-out
- The worker may approach the Industrial Tribunal for adjudication of the dispute related to dismissal, retrenchment or termination within 45 days after the application for the conciliation of the dispute was made.
- Employers of industrial establishments such as mines, factories and plantations with at least 300 workers are mandatorily required to take prior permission of the central or state government before lay-off, retrenchment or closure. A fine of INR 1,00,000, which may extend up to INR 10,00,000, is leviable on any person who contravenes this provision.
- In case any worker is suspended by the employer pending investigation or inquiry. The amount of subsistence allowance payable at 50% of the wages for the first 90 days of suspension; and at the rate of 75% of such wages for the remaining period of suspension.

THE SOCIAL SECURITY CODE, 2020

Key Changes

New Category of worker has been included in this code:-

❖ **"Gig worker"** means a person who performs work or participates in a work arrangement and earns from such activities outside of traditional employer- employee relationship.

➢ Gig workers are in independent arrangement, freelancers, workers who are employed on project based work and short term work. Most commonly, platform based work where workers earn money by providing specific services, including food delivery services.

❖ **"Platform worker"** means a person engaged in or undertaking platform work

Platform work" means a form of employment in which organisations or individuals use an online platform to access other organizations or individuals to solve specific problems or to provide specific services in exchange for payment.

Note :

There is no major difference in gig workers and platform workers. This is first time in India that application based assignments performed by many workers being recognized as employee-employer relationship.

The Employees Provident Fund Scheme

- Employees' Provident Fund or EPF is a collection of funds contributed by the employer and his employee regularly on a monthly basis. The employer and employee contribute 12% each of the employee's salary (basic + dearness allowance) to the EPF. These contributions earn a fixed level of interest set by the EPFO

Key changes

- Employees Provident Fund Scheme is incorporation of limitation period of five years for initiation and two years for concluding enquiries.
- Aadhaar based registration is mandated.
- All establishments having 20 or more workers come under the purview of EPF, earlier it was applicable only on those establishments included in the schedule.
- Systems has been designed for covering the category self-employed or any other category under the purview of EPF scheme.
- Increase penalty amount from 10,000 to 1,00,000 and imprisonment of one to three years on deduction of employee contribution from salary and non-depositing.

Employees State Insurance Scheme

❖ ESI scheme is applicable to all factories and other establishments as defined in the Act with 10 or more persons employed in such establishment and the beneficiaries' monthly wage does not exceed Rs 21,000 are covered under the scheme

Key Changes

- If employer and majority employees agree then voluntary registration has been allowed under the code and ESI scheme will be applicable. Further, government can extend ESI scheme to any hazardous occupation also even if a single employee is employed.
- The Facility of ESI would be available to all 740 districts.
- Gig workers and unorganized sectors will also able to link with ESIC.
- Plantation workers will also fall under the purview of ESI.
- If any employer fails to pay ESI contributions, even then ESI has to pass on the benefits to the employee which ESIC can recover it from the employer to the extent of the capitalised value of the benefit net of any payment of contribution amount, interest and damages payable by the employer.

Employee’s compensation Act, 1923, Building and other construction workers, The Unorganized Workers' Social Security Act (2008), etc.

Creation of social security boards for unorganized workers.

- Coverage of gig, platform workers and unorganized workers under the ambit of social security Scheme.

- Code to expand the sources of the fund for schemes to include funds from corporate social responsibility or any other source as may be specified in the scheme and also contains enabling provision for constituting the special purpose vehicle for the purpose of implementation of schemes for unorganized workers.

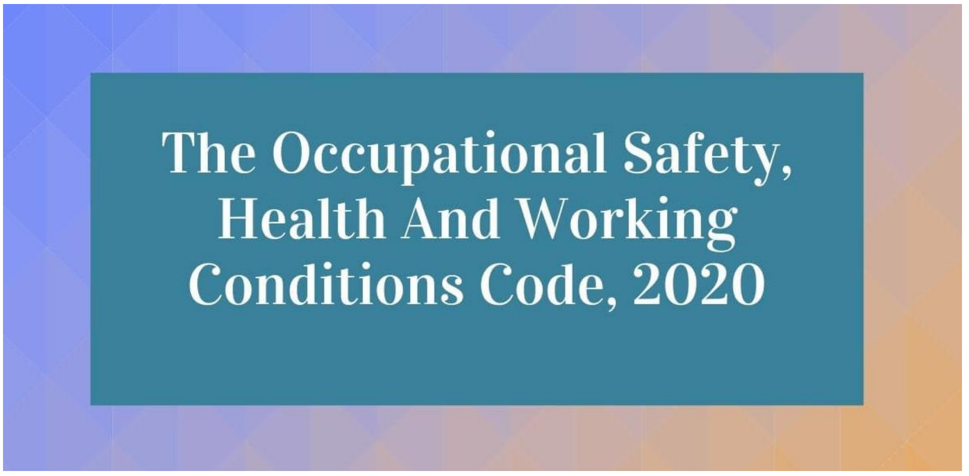
- Bill also makes the provisions for registration of all three categories of workers - gig workers platform workers and unorganized workers.

- Contribution from an aggregator will be at a rate notified by the government which can fall between 1-2% of the annual turnover of the aggregators. However, the maximum limit of such contribution fixed @ 5% of the amount paid or payable by an aggregator to gig workers and platform workers.

General Change

Renaming the designation of Inspector as Inspector cum Facilitator who is expected to supply information and give advice to employers and workers concerning the most effective means of complying with the provisions of the proposed Code.

THE OCCUPATIONAL SAFETY, HEALTH AND WORKING CONDITIONS CODE, 2020



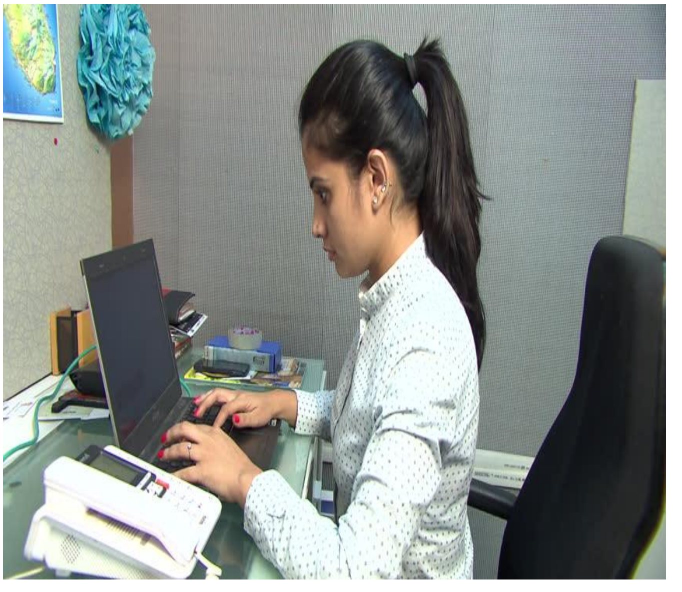
Scope

- The Code applies on factories having 20 or more workers and manufacturing process is being carried on with the aid of power or 40 or more workers where manufacturing process is being carried on without the aid of power.
- The Code emphasizes on health, safety and welfare of the workers employed in various sectors like industry, trade, business, manufacturing, factory, motor transport undertaking, building and other construction work, newspaper establishments, audio-video production, plantation, mine and dock-work and service sectors
- The Code doesn't applies to the offices of Central Government, State Government and any ship of war or any nationality but at the same time it applies to contract labour employed through contractor in the offices where Central Government or State Government are principal employer.
- The Code sets up occupational safety boards at the national and state level to advise the central and state governments on the standards, rules, and regulations to be framed under the Code.

Key Changes

- Code provides single registration for an establishment instead of multiple registrations. This will design a centralized database and develop an ease of doing business.
- Appointment letter made Statutory

Working Hours For Women:



Working Hours for Women as per this new proviso female workers/women can work during night shifts with their consent. Also, the time slot for such night shift shall be from 7 p.m. and before 6 a.m., which shall also be approved by the central or state govt.

Rights and duties of employees and employers:

Rights and duties laid down in the Code for employees too, employees shall take care of their own health, shall comply with specified safety and health measures, shall report unsafe situations to the inspector.

Offences and Penalties:

Under the Code, an offence which leads to the death of an employee will be punishable with imprisonment of up to two years, or a fine up to five lakh rupee or, both. Further, the court (Chief Inspector-cum-Facilitator or Inspector-cum-Facilitator or an officer of the appropriate Government or a person authorised to discharge any duty or to exercise any powers under this Code) has been granted a discretionary power wherein, it may direct that at least 50% of such fine be given as compensation to the heirs of the victim.

- The appropriate government for the factory governed by the central government will be central government, including establishment of contractors for the purposes of such establishment. In other cases the concerned State Government where it is situated.
- The code has also covered Audio visual production' include feature films, non-feature films, television, web-base serials, talk shows, reality shows etc and under the new definition of Audio Visual- Worker" singer, news reader, dancer, stunt person, technical, artist and work like supervisory etc has been covered subject to some wages ceiling to be notified by the central government.

- **The definition** of Contract Labour has been modified and includes inter-State migrant worker but excludes part time employee, regularly employed and mutually accepted standards of the conditions of employment and entitled to Social Security benefits.
- The new definition of Core Activity provides that activity for which establishment is set-up and other activity like housekeeping, Security, canteen etc not to be treated as core activity.
- Principal employer to provide welfare facilities, where the contract labour is deployed.
- The new definition of Core Activity provides that activity for which establishment is set-up and other activity like housekeeping, Security etc not to be treated as core activity.

- The work hours for different classes of establishment and employees shall be as per the rules prescribed by central or state government. Further, in relation to overtime work, an employee shall be paid twice the rate of daily wages. The code in regard to leaves states that no employee shall work for more than 6 days a week, however, an exception has been provided for motor transport workers.

- Definition of “Sales Promotion Employees” has been revised including a persons in supervisory capacity, managerial, administrative capacity getting salary up to Rs 18000/- per month or as may be notified by the Central Government from time to time.

- Definition of “worker” has been revised and includes persons in supervisory capacity and working journalists, sales promotion employees getting salary up to Rs. 18000/- per month or as may be notified by the Central Government from time to time.

Source :
Evaluation of Bills by AEPC (Apparel Export Promotion Council)

Compliance Calendar for the month of October' 2020

S.No	Compliance Period	Nature of Compliance	Act	Due date
1	September, 2020	Deposits of TDS / TCS / Equalisation Levy	Income Tax Act	07th October 2020
2	AY 2020-21	Tax Audit- Due date for filing of audit report under section 44AB for the assessment year 2020-21 in the case of a corporate-assessee or non-corporate assesse	Income Tax Act	31st October 2020
3	August, 2020	GSTR-3B for taxpayers having aggregate upto Rs 5 core in preceding F.Y. without late fee and interest for Group "A" states.*	Goods and Service Act	01st October 2020
4	August, 2020	GSTR-3B for taxpayers having aggregate upto Rs 5 core in preceding F.Y. without late fee and interest for Group "B" states.**	Goods and Service Act	03rd October 2020
5	September, 2020	GSTR-7 TDS Deducted for the month.	Goods and Service Act	10th October 2020
6	September, 2020	GSTR-8 TCS Collected for the month.	Goods and Service Act	10th October 2020
7	September, 2020	GSTR-1 Monthly Filing for taxpayer having turnover more than Rs 1.5Cr.	Goods and Service Act	11th October 2020
8	September, 2020	GSTR-6 Due Date for filing return by Input Service Distributors.	Goods and Service Act	13th October 2020

Compliance Calendar for the month of October' 2020

S.No	Compliance Period	Nature of Compliance	Act	Due date
9	Quarter-2 (F.Y 20-21)	CMP-08 Statement-cum-challan to declare the details or summary by Composition dealer for tax payable for the quarter.	Goods and Service Act	18^{th} October 2020
10	September, 2020	GSTR-5 to be filed by Non-Resident Taxable Person for the previous month.	Goods and Service Act	20^{th} October 2020
11	September, 2020	GSTR-5A to be filed by OIDAR Service Providers for the previous month.	Goods and Service Act	20^{th} October 2020
12	September, 2020	GSTR-3B Due date for GSTR-3B having Annual Turnover of more than 5 Crores	Goods and Service Act	20^{th} October 2020
13	September, 2020	GSTR-3B for taxpayers having aggregate upto Rs 5 core in preceding F.Y. without late fee and interest for Group "A" states.*	Goods and Service Act	22^{nd} October 2020
14	September, 2020	GSTR-3B for taxpayers having aggregate upto Rs 5 core in preceding F.Y. without late fee and interest for Group "B" states.**	Goods and Service Act	24^{th} October 2020
15	Quarter-2 (FY 20-21)	GSTR-1 Quarterly Filing for taxpayer having turnover Less than Rs 1.5 Cr.	Goods and Service Act	31^{st} October 2020
16	AY 2020-21	GSTR 4 Composition Annual Return	Goods and Service Act	31^{st} October 2020

Compliance Calendar for the month of October' 2020

S.No	Compliance Period	Nature of Compliance	Act	Due date
17	September, 2020	ESIC And EPF payment	Employee provident fund and miscellaneous provision act	15th October 2020
18	September, 2020	Filing Provident fund monthly return	Employee provident fund and miscellaneous provision act	25th October 2020
19	April – September, 2020	MSME 1 Form is half yearly return with the Registrar of Companies (ROC) in context of the outstanding payments to Micro or Small Enterprises for more than 45 days.	MSME development act	31st October 2020

***State Group A :** Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Pondicherry, Andaman, and the Nicobar Islands and Lakshadweep

****State Group B :** Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh, and Delhi.

❖ GST

- Extension of time-limit for completion or compliance of action specified in Section 171 of the CGST Act, 2017 is provided only if such action has not been completed yet. The extended Due Date is 30th November 2020
- Time limit for issuing invoice has been extended to 31st October 2020 for cases where due date earlier was falling between 20 March 2020 to 30 October 2020 in respect of goods sent outside India on approval for sale or return basis.
- Late fees has been waived for Taxpayers having NIL liability.
- Maximum late fees shall be INR 500 (250 – Central plus 250 State) in cases where returns are being filed between 22nd September,2020 till 31st October 2020. This waiver is applicable for returns for period July 2017 to March 2020.
- Late fees has been capped to Maximum of INR 500 If GSTR-10 is not filed by the Due date and it is being filed for period 22nd December, 2020 till 31st December 2020. GSTR-10 is a final return which has to be filed within 3 months form date of cancellation or cancellation order (whichever is earlier).
- E-invoicing is now applicable to registered person having turnover exceeding 500 Cr in any preceding FY from FY 2017-18 and E-invoice shall be generated for export transactions as well.
- Companies having turnover above ₹ 500 Crores shall be issuing B2C invoice with Dynamic QR code from 1st December 2020.
- Certain class of persons may be exempted from E-Invoicing for specified period and QR Code duly embedded with IRN can be produced for verification instead of physical copies.

Pratapkaran Paul And Co.,
Chartered Accoutants

☞ **Get in Touch**

Address :

B-8, C-6, Gems Court, 25/14
Khader Nawaz Khan Road
Nungambakkam
Chennai-600006
Tamilnadu, India

☎ **Contact :**

044-2833 1646/1648

Website :

www.Pkpandco.com

☞ **Follow us on :**