

PKP NEWSLETTER

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Compliance Calendar

PM Modi's speech on Union Budget 2021 - Highlights:

- COVID-19 has impacted the entire humankind. This Budget brings forth India's self-belief.
- This Budget lays a strong foundation for the new decade and is an important step towards Aatmanirbhar Bharat.
- The Budget carries the following principles: Expansion of opportunities for growth; new opportunities for the youth; new meaning to human resource; new sectors for infrastructure development; progress towards modernization; and new reforms.
- It's a pro-active Budget that provides a boost to wealth as well as wellness.

Dear PKPians,

The pandemic had created a mood of despondency and overall, even though the economy was showing some green shoots, the scenario was not rosy. It needed a big boost and this was the Investment oriented budget from the Government on February 1st. The increased spending in the various sectors and particularly in infrastructure, sent the right signals . The stock market which was already buoyant reached new highs, confounding many a sceptic.



Better late than never , is a dictum which is to be followed and I am glad that even though this newsletter was delayed , it had a reason. The Budget analysis was done at the office level and the relevant provisions were already informed to the clients. This newsletter contains mainly the provisions of the Budget , with more explanatory emphasis.

The Budget had many a detail in the fine print, with far reaching consequences. The overall approach in moving towards a faceless assessment, appeal and hearing process has been welcomed by all. The attendant issues however still remain as to the relevant details to be uploaded on the website, which is proving a challenge. These are minor irritants which should be ironed out in the long run.

We as a firm bid farewell to a group of articled clerks who completed their three years and we wish all of them very well in their respective pursuits. The results of the delayed exam in November , were nevertheless as necessary, considering the students had a much longer time frame to prepare for it. Uncertainty apart , the students who prepared well, diligently and did well were rewarded.

We had a new bunch of articled clerks as well as staff join us and here is wishing each of them all the very best in their tenure with us. Stay safe and remember the world is not fully normal yet. Ensure adequate precautions are taken till the vaccine reaches the majority of the population and we are safe.
Best wishes,

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Managing Partner



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1. What is specified financial transaction?

SFT is a report of specified financial transactions by specified persons including prescribed reporting financial institution. Such specified persons who register, maintain or record such specified financial transaction are under a mandate to submit SFT to the income tax authority or such other specified authority or agency.

2. Specified transaction required to be reported:

- Transaction of purchase, sale/ exchange of goods or property or right or interest in a property; or
- transaction for rendering any service; or
- transaction under a works contract; or
- transaction by way of an investment made or an expenditure incurred; or
- transaction for taking or accepting any loan or deposit.

It is important to note that CBDT can recommend different values with respect to different transactions for different persons by considering the nature of the transactions.

3. Nature and value of specified transaction required to be reported and specified persons who are required to report:

Section 285BA authorizes Central Board of Direct Taxes (CBDT) to prescribe different values with respect to different specified financial transactions in respect of different specified persons having regard to the nature of such transactions. The same prescribed by CBDT via Rule 114E is given below:

S.No	Nature of transaction to be reported	Monetary threshold of transaction	Specified person required to submit SFT
1	Cash payment purchase of bank drafts or pay orders or banker's cheque	Aggregating to Rs 10 lakh or more in a FY	A banking company or Co-operative bank to which Banking Regulation applies
	Cash payments for purchase of pre-paid instruments issued by Reserve Bank of India	Aggregating to Rs 10 lakh or more during the FY	
	Cash deposits in one or more current account of a person	Aggregating to Rs 50 lakh or more in a FY	
	Cash withdrawals from one or more current account of a person	Aggregating to Rs 50 lakh or more in a FY	
2	Cash deposits in one or more accounts other than a current account and time deposit of a person	Aggregating to Rs 10 lakh or more in a FY	A banking company or Co-operative bank to which Banking Regulation applies Post-Master General of post office

3	One or more time deposits (other than renewed time deposit of another time deposit) of a person	Aggregating to Rs 10 lakh or more in a FY	A banking company or Co-operative bank to which Banking Regulation applies Post-Master General of post office Nidhi Company as per Section 406 of the Companies Act, 2013 NBFC - Non banking financial company holding certificate of registration under RBI Act to hold or accept deposit from public
4	Credit card payments made by any person either in cash or by any other mode in a FY.	Aggregating to Rs 1 lakh or more in cash or Rs 10 lakh or more by any other mode in a FY	A banking company or Co-operative bank to which Banking Regulation applies or any other company or institution issuing credit card
5	Receipt from any person for acquiring bonds or debentures issued by the company or institution (other than renewal)	Aggregating to Rs 10 lakh or more in a FY	A company or institution issuing bonds or debentures
6	Receipt from any person for acquiring shares (including share application money) issued by the company	Aggregating to Rs 10 lakh or more in a FY	A company issuing shares

7	Buyback of shares from any person (other than the shares bought in the open market)	Aggregating to Rs 10 lakh or more in a FY	Listed company purchasing its own securities under section 68 of the Companies Act, 2013
8	Receipt from any person for acquiring units of one or more schemes of a Mutual Fund (other than transfer from one scheme to another)	Aggregating to Rs 10 lakh or more in a FY	A trustee of a Mutual Fund or any such other person authorized to manage the affairs of the Mutual Fund
9	Receipt from any person for sale of foreign currency including any credit of such currency to foreign exchange card or expense in such currency through a debit or credit card or through issue of travellers cheque or draft or any other instrument	Aggregating to Rs 10 lakh or more during a FY	Authorized person as referred to in Section 2(c) of the Foreign Exchange Management Act, 1999
10	Purchase or sale of immovable property	Transaction value or valuation of stamp duty authority referred in Section 50C for an amount of Rs 30 lakhs or more.	Inspector-General appointed under section 3 of the Registration Act, 1908 or Registrar or Sub-Registrar appointed under section 6 of that Act.

11	Cash receipt for sale, by any person, of goods or services of any nature (other than those specified at Sl. Nos. 1 to 10)	Exceeding Rs 2 lakh	Any person who is liable for audit under section 44AB of the Act
12	Cash deposits during the period 09th November, 2016 to 30th December, 2016	Aggregating to Rs 12,50,000 or more in one or more current account of a person or Rs 2,50,000 or more in one or more account (other than current account) of a person	A banking company or Co-operative bank to which Banking Regulation applies Post Master General of post office
13	Cash deposits during the period 1st of April, 2016 to 9th November, 2016 in respect of accounts that are reportable under Sl.No.12.		A banking company or Co-operative bank to which Banking Regulation applies Post Master General of post office

4. What forms to be used for furnishing SFT and what is the procedure to submit SFT?

SFT shall be submitted either in Form 61A (other reporting entities) or Form 61B (prescribed reporting financial institution).

SFT shall be submitted electronically, under digital signature certificate to the Director of Income-tax (Intelligence and Criminal Investigation) or the Joint Director of Income-tax (Intelligence and Criminal Investigation). A Post Master General or a Registrar or an Inspector General may furnish SFT in a computer readable media being a Compact Disc or Digital Video Disc (DVD), along with the verification in Form-V on paper.

SFT shall be submitted through following procedure:

- If already registered on e-filing portal, log in and go to My Account>Manage ITDREIN (Income Tax Department Reporting Entity Identification Number)
- Click on 'Generate New ITDREIN'
- Select form type and Reporting entity category and click on 'Generate ITDREIN'
- Based on this selection, appropriate ITDREIN will be generated and confirmation email and SMS will be sent to registered email id and mobile number respectively
- ITDREIN generated will now appear under My Account>Manage ITDREIN
- Go to e-file>Upload Form 'X' (appropriate Form No appears based on the selection made during registration)
- Verify/enter PAN, Form Name, FY, Reporting entity category, Half year, upload type i.e., whether original/correction form /Nil statement
- On successful validation of above details, upload the file along with digital signature certificate
- Success message will be displayed on the screen on successful uploading and confirmation email and SMS will be sent to registered email id and mobile number respectively
- Uploaded file may be either 'accepted' or 'rejected'. In case of rejection, reason for rejection would be mentioned and correction form shall be submitted through above procedure.

5. Due date of furnishing SFT

SFT in Form 61A shall be submitted on or before 31 May of the FY, immediately following the FY in which the transaction is recorded or registered.

6. What is the remedy available if there is defect in the SFT submitted?

In case if the SFT filed is considered to be defective by the concerned income-tax authority, same shall be intimated to the reporting entity/person by such authority and an opportunity for rectifying the defect within a period of 30 days from the date of such intimation shall be given. This due date for rectification of default can be extended further by income tax authority at his discretion on an application made in this behalf. However, if defect is not rectified within 30 days or such extended period, such statement shall be treated as invalid and consequences of non-furnishing of SFT shall apply.

7. Consequences of failure to comply with Section 285BA and related Rules

Failure to furnish SFT

In case of non-furnishing of SFT within due date, the prescribed income-tax authority may serve notice upon such person requiring him to furnish SFT within a period not exceeding 30 days from the date of service of such notice and he shall furnish the statement within the time specified in the notice.

If reporting person does not furnish the SFT within original due date, penalty of Rs. 500 per day of default. Further, if no report is furnished even within the extended due date specified in the notice served upon the person, penalty of Rs 1000 per day will be levied from the day immediately following the day on which the specified time in the notice expires.

Overall, penalty of Rs 500 per day from the expiry of original due date till due date mentioned in the notice and Rs 1,000 per day beyond the due date specified in the notice.

8. Inaccurate information in SFT:

If any person who has furnished SFT, comes to know or discovers any inaccuracy in the information provided in the statement, he shall inform the inaccuracy in such statement and furnish the correct information to the income-tax authority or specified authority or agency within 10 days.

9. Special provision for penalty in case of prescribed reporting financial institution:

Penalty of Rs 50,000 will be levied on prescribed reporting financial institution if it provides inaccurate information in the statement where:

- inaccuracy is due to a failure to comply with the prescribed due diligence requirement or is deliberate on the part of that person; or
- the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income-tax authority or such other authority or agency; or
- the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within 10 days as mentioned above.

Direct Tax Amendments in Assessment Procedures

1. Section 139:

Effective date: 01-04-2021; i.e. AY 2021-22

Due date for filing Return of Income:

Section 139 of the Act contains provisions in respect of the filing of return of income for different persons or class of persons. The said section also provides the due dates for filing of original, belated and revised returns of income for different classes of assessee.

Explanation 2 to sub-section (1) provides that the due date for filing original return of income for partners of a firm whose accounts are required to be audited under IT act or under any other law shall be 31st October of the assessment year.

This clause is now amended to provide an extended due date, up to 31st October for the spouse of the above said partner to whom the provisions of section 5A of the act applies.

Since the total income of a partner can be determined after the books of accounts of such firm have been finalized, the due dates of partners are already aligned with the due date of the firm. Thus, the due date for filing of original return of income of such partner is 31st October of the assessment year. However, this relaxation is not there for spouse of such partner to whom section 5A of the Act applies. Therefore, it is proposed that the due date for the filing of original return of income be extended to 31st October of the assessment year in case of spouse of a partner of a firm whose accounts are required to be audited under this Act or under any other law for the time being in force, if the provisions of section 5A applies to them.

Sections Covered:

Section 139

Section 143(1)

Section 143(2)

Section 147

Section 148

Section 148A

Section 149

Clarification on Section 5A:

Where the husband and wife are governed by the system of community of property (known under the Portuguese Civil Code of 1860) the income of the husband and of the wife under any head of income shall not be assessed as that of such community of property, but such income of the husband and of the wife under each head of income (other than under the head "Salaries") shall be apportioned equally between the husband and the wife and the income so apportioned shall be included separately in the total income of the husband and of the wife respectively, and the remaining provisions of this Act shall apply accordingly.

Further, in case of a firm which is subjected to Transfer pricing provisions and required to furnish report u/s 92E the due date of filing ROI is 30th November of the assessment year.

This provision is now extended to the partners of such firm also, because the total income of the partners can be finalized only after books of accounts of the firm have been finalized.

Reduction in Time Limit for filing Belated Return and Revised return:

Sub-section (4) and (5) of section 139 provides Time limit for filing belated return and revised return respectively. Where the erstwhile time limit was:

- End of Relevant assessment year or
- Completion of assessment

Whichever is earlier.

With the massive technological upgrade in the Department where the processes under the Act are moving towards becoming faceless and jurisdiction-less, the time taken to conduct and complete such processes has greatly reduced.

Therefore, it is proposed that the last date for filing of belated or revised returns of income, as the case may be, be reduced by three months.

Therefore the revised time limit is as follows:

Within 3 months prior to,

- *End of Relevant assessment year or*
- *Completion of assessment*

Whichever is earlier.

Example: Assuming the assessee is an “individual” and “End of Relevant AY” is the earlier of the 2 dates mentioned above.

Old Provision		New Provision	
FY - 2019-20	due date: 31-07-2020	FY - 2019-20	due date: 31-07-2020
AY - 2020-21		AY - 2020-21	
End of RAY: 31-03-2021		End of RAY: 31-03-2021	
Last date for filing belated return shall be 31-03-2021		Last date for filing belated return shall be 31-12-2020	

2. Section - 143:

Effective date: 01-04-2021; i.e. AY 2021-22

Intimation u/s 143(1):

Sub-section (1) of section 143 deals with processing of return of income, filed by the assessee. The total income or loss shall be computed after making certain adjustments specified in clause (i) to (vi) therein.

Amendments are made to these clauses as follows:

- Earlier, any expenditure indicated in the tax audit report as disallowable but not considered in computation of total income shall be disallowed by the system while processing. This clause is now amended *to allow for adjustment on account of increase in income indicated in the audit report but not taken into account in computing total income.*

Also, *time limit for sending intimation u/s 143(1) has been reduced from one year to **nine months** from the end of the financial year in which return was filed.*

Notice u/s 143(2):

Section 143(2) talks about time limit for issue of notice to undertake scrutiny assessment u/s 143 (3).

*This time limit has been reduced from six months to **three months** from the end of the financial year in which return was filed.*

3. Section 147, 148, 148A and 149:

Income Escaping Assessment:

Under the Act, the provisions related to income escaping assessment provide that if the Assessing Officer has reason to believe that any income chargeable to tax has escaped assessment for any assessment year, he may assess or reassess or re-compute the total income for such year under section 147 of the Act by issuing a notice under section 148 of the Act.

In cases where search is initiated u/s 132 of the Act or books of account, other documents or any assets are requisitioned under section 132A of the Act, assessment is made in the case of the assessee, or any other person, in accordance with the special provisions of sections 153A, 153B, 153C and 153D, of the Act that deal specifically with such cases. These provisions were introduced by the Finance Act, 2003 to replace the block assessment under Chapter XIV-B of the Act. This was done due to failure of block assessment in its objective of early resolution of search assessments. Also, the procedural issues related to block assessment were proving to be highly litigation-prone.

However, the experience with this procedure has been no different. Like the provisions for block assessment, these provisions have also resulted in a number of litigations.

Due to advancement of technology, the department is now collecting all relevant information related to transactions of taxpayers from third parties under section 285BA of the Act (statement of financial transaction or reportable account). Similarly, information is also received from other law enforcement agencies. This information is also shared with the taxpayer through Annual Information Statement under section 285BB of the Act. Department uses this information to verify the information declared by a taxpayer in the return and to detect non-filers or those who have not disclosed the correct amount of total income. Therefore, assessment or re-assessment or re-computation of income escaping assessment, to a large extent, is information-driven.

In view of above, there is a need to completely reform the system of assessment or re-assessment or re-computation of income escaping assessment and the assessment of search related cases.

The Bill proposes a completely new procedure of assessment of such cases. It is expected that the new system would result in less litigation and would provide ease of doing business to taxpayers as there is a reduction in time limit by which a notice for assessment or reassessment or re-computation can be issued. The salient features of new procedure are as under:-

- i. The provisions of section 153A and section 153C, of the Act are proposed to be made applicable to only search initiated under section 132 of the Act or books of accounts, other documents or any assets requisitioned under section 132A of the Act, on or before 31st March 2021
- ii. Assessments or reassessments or in re-computation in cases where search is initiated under section 132 or requisition is made under 132A, after 31st March 2021, shall be under the new procedure.
- iii. Section 147 proposes to allow the Assessing Officer to assess or reassess or re-compute any income escaping assessment for any assessment year (called relevant assessment year).
- iv. Before such assessment or reassessment or re-computation, a notice is required to be issued under section 148 of the Act, which can be issued only when there is information with the Assessing officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant assessment year. Prior approval of specified authority is also required to be obtained before issuance of such notice by the Assessing Officer.

- v. It is proposed to provide that any information which has been flagged in the case of the assessee for the relevant assessment year in accordance with the risk management strategy formulated by the Board shall be considered as information which suggests that the income chargeable to tax has escaped assessment. The flagging would largely be done by the computer based system.
- vi. Further, a final objection raised by the Comptroller and Auditor General of India to the effect that the assessment in the case of the assessee for the relevant assessment year has not been in accordance with the provisions of the Act shall also be considered as information which suggests that the income chargeable to tax has escaped assessment.
- vii. Further, in search, survey or requisition cases initiated or made or conducted, on or after 1st April, 2021, it shall be deemed that the Assessing officer has information which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the three assessment years immediately preceding the assessment year relevant to the previous year in which the search is initiated or requisition is made or any material is seized or requisitioned or survey is conducted.
- viii. New Section 148A of the Act proposes that before issuance of notice the Assessing Officer shall conduct enquiries, if required, and provide an opportunity of being heard to the assessee. After considering his reply, the Assessing Office shall decide, by passing an order, whether it is a fit case for issue of notice under section 148 and serve a copy of such order along with such notice on the assessee.

The Assessing Officer shall before conducting any such enquiries or providing opportunity to the assessee or passing such order obtain the approval of specified authority. However, this procedure of enquiry, providing opportunity and passing order, before issuing notice under section 148 of the Act, shall not be applicable in search or requisition cases.

Time Limit u/s 149:

Section 149 deals about time limit for issue of notice u/s 148. With the introduction of new procedures for conducting income escaping assessment, these time limits are also amended as follows:

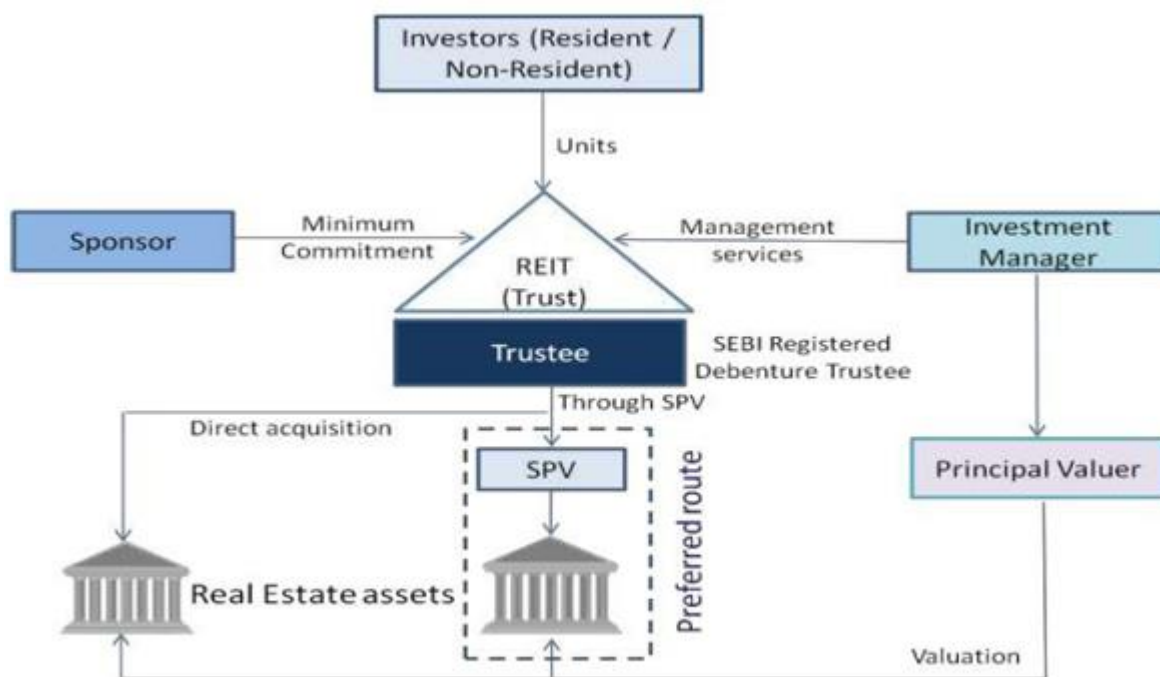
- No notice shall be issued for the relevant assessment year if three years have elapsed from the end of relevant assessment year.
- Time beyond three years but up to ten years is allowed for certain cases, where the assessing officer has in his possession books of accounts or other documents or evidence which reveals that income chargeable to tax, represented in the form of assets, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more for that assessment year.

Direct Tax Amendments in the areas of TDS and TCS

- Exemption of deduction of tax at source on payment of Dividend to business trust in whose hand dividend is exempt

Relevant Section	194
Effective from	Retrospectively from 1st April, 2020

Section 194 of the Act provides for deduction of tax at source (TDS) on payment of dividends to a resident. The second proviso to this section provides that the provisions of this section shall not apply to such income credited or paid to certain insurance companies or insurers. It is proposed to amend second proviso to section 194 of the Act to further provide that the provisions of this section shall also not apply to such income credited or paid to a business trust by a special purpose vehicle or payment of dividend to any other person as may be notified.



2. Relaxation for certain category of senior citizen from filing return of income-tax

Relevant Section	194P
Effective from	1st April, 2021



Section 139 of the Act provides for filing of return of income. Sub-section (1) of the section provides that every person being an individual, if his total income or the total income of any other person in respect of which he is assessable under this Act during the previous year exceeded the maximum amount which is not chargeable to income-tax, shall, on or before the due date, furnish a return of his income.

In order to provide relief to senior citizens who are of the age of **75 years** or above and to reduce compliance for them, it is proposed to insert a new section to provide a relaxation from filing the return of income, if the following conditions are satisfied:-

- i. The senior citizen is resident in India and of the age of 75 or more during the previous year;
- ii. He has pension income and no other income. However, in addition to such pension income he may have also have interest income from the same bank in which he is receiving his pension income;

- iii. This bank is a specified bank. The Government will be notifying a few banks, which are banking company, to be the specified bank; and
- iv. He shall be required to furnish a declaration to the specified bank. The declaration shall be containing such particulars, in such form and verified in such manner, as may be prescribed.

Once the declaration is furnished, the specified bank would be required to compute the income of such senior citizen after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 87A of the Act, for the relevant assessment year and deduct income tax on the basis of rates in force. Once this is done, there will not be any requirement of furnishing return of income by such senior citizen for this assessment year.

3. Tax Deduction at Source (TDS) on purchase of goods

Relevant Section	194Q
Effective from	1st July, 2021

Chapter XVIIB of the Act relates to deduction of tax at source. The provisions of this chapter provide for TDS on various payments at rates contained therein. It is proposed to provide for TDS by person responsible for paying any sum to any resident for purchase of goods. The rate of TDS is kept very low at **0.1%**. To ensure that compliance burden is only on those who can comply with it, it is proposed that the tax is only required to be deducted by those person (i.e. "buyer") 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 purchase of goods is carried out.

Central Government is proposed to be empowered by notification in the Official Gazette to exempt a person from obligation under this section on fulfilment of conditions as may be specified in that notification. Tax is required to be deducted by such person, if the purchase of goods by him from the seller is of the value or aggregate of such value exceeding **fifty lakh rupees** in the previous year. It is also proposed to provide that the provisions of this section shall not apply to,-

- (i) a transaction on which tax is deductible under any provision of the Act; and
- (ii) a transaction, on which tax is collectible under the provisions of section 206C other than transaction to which sub-section (1H) of section 206C applies.

This means, if on a transaction a TDS or tax collection at source (TCS) is required to be carried out under any other provision, then it would not be subjected to TDS under this section. There is one exception to this general rule. If on a transaction TCS is required under sub-section (1H) of section 206C (Sale Of Goods from buyers from whom you received more than Rs. 50 Lakhs as sale consideration) as well as TDS under this section, then on that transaction only TDS under this section shall be carried out.

Board with the approval of the Central Government has been empowered to issue guidelines for removing difficulty in giving effect to the provisions of this section.

It is also proposed to consequentially amend sub-section (1) of section 206AA of the Act (TDS Rates in case of Non-furnishing of PAN by deductee - 20% or the rate in the relevant section, whichever is higher) and insert second proviso to further provide that where the tax is required to be deducted under section 194Q and Permanent Account Number (PAN) is not provided, the TDS shall be at the rate of **five per cent**.

4. Rationalization of the provision concerning TDS on payment made to Foreign Institutional Investors (FIIs)

Relevant Section	196D
Effective from	1st April, 2021

Section 196D of the Act provides for deduction of tax on income (other than income by way of interest on rupee denominated bonds and Government securities) of Foreign Institutional Investors received in respect of securities (other than units referred to in section 115AB) at the rate of 20 per cent.

Since the said section provides for TDS at a specific rate indicated therein, the deduction is to be made at that rate and the benefit of any Double Taxation Avoidance Agreement (DTAA) under section 90 or Unilateral Relief under section 90A of the Act cannot be given at the time of tax deduction. The situation is different in cases where the provision mandates TDS at rate in force.

Representations have been received requesting that the benefit of Double Taxation Avoidance Agreements under section 90 or Unilateral Relief under section 90A of the Act may be considered at the time of tax deduction on payments to FIIs. Accordingly, it is proposed to insert a proviso to subsection (1) of section 196D of the Act to provide that in case of a payee to whom an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A applies and such payee has furnished the tax residency certificate, then the tax shall be deducted at the rate of twenty per cent. or rates of income-tax provided in such agreement for such income, whichever is lower.

5. TDS/TCS on non-filer at higher rates

Relevant Section	206AB and 206CCA
Effective from	1st July, 2021

Section 206AA of the Act provides for higher rate of TDS for non-furnishing of PAN. Similarly section 206CC of the Act provides for higher rate of TCS for non-furnishing of PAN. It is seen that while these provisions have served their purpose in ensuring obtaining and furnishing of PAN by various persons, there is need to have similar provisions to ensure filing of return of income by those person who have suffered a reasonable amount of TDS/TCS.

Hence, it is proposed to insert a new section 206AB in the Act as a special provision providing for higher rate for TDS for the non-filers of income-tax return. Similarly it is proposed to insert a section 206CCA in the Act as a special provision for providing for higher rate of TCS for non-filers of income-tax return.

Proposed section 206AB of the Act would apply on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a specified person. This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the Act. The proposed TDS rate in this section is higher of the followings rates:-

- twice the rate specified in the relevant provision of the Act; or
 - twice the rate or rates in force; or
- the rate of five per cent

If the provision of section 206AA of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA of the Act.

Proposed section 206CCA of the Act would apply on any sum or amount received by a person (herein referred to as collectee) from a specified person. The proposed TCS rate in this section is higher of the following rates:-

- twice the rate specified in the relevant provision of the Act; or
- the rate of five percent

If the provision of section 206CC of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be collected at higher of the two rates provided in this section and in section 206CC of the Act.

The specified person is a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years which are immediately before the previous year in which tax is required to be deducted or collected, as the case may be. Further the time limit for filing tax return under sub-section (1) of section 139 of the Act has expired for both these assessment years.

There is another condition that aggregate of tax deducted at source and tax collected at source in his case is **rupees fifty thousand or more** in each of these two previous years. Specified person shall not include a non-resident who does not have a permanent establishment in India.

Extension of Existing exemptions through Budget 2021

Amendment to Section 80EEA

Benefit: Deduction of Interest paid on Loans taken for residential house property

Amount: Up to 1.5 Lakhs

Conditions:

- i. Loan shall be sanctioned between 01st April 2019 to 31st March 2022
- ii. Stamp duty value of the residential House property shall not exceed 45 Lakhs
- iii. Assessee does not own any house property as on the date of sanction

This is to extend the benefit of this deduction to the first-time home buyers, in respect of interest on home loan

Amendment to Section 43CA and 56(2)(x)

Where the consideration as a result of the transfer of land or building or both, is less than the stamp duty value then the stamp duty value shall be deemed to be full value of consideration for the purpose of profits and gains from business or profession.

However, in case the stamp duty value is less than 110% of the consideration received, then the consideration received shall be deemed to be full value of consideration. With effect from 01st April 2021, **110% is substituted by 120%**.

Conditions

- i. The transfer of residential unit takes place during the period from 12th November 2020 to 30th June 2021
- ii. The transfer is by way of first-time allotment of the residential unit to any person
- iii. The consideration received does not exceed two crore rupees

This move is proposed to boost the demand in the real-estate sector and to enable the real-estate developers to liquidate their unsold inventory at a lower rate to home buyers.

Indirect Tax - GST

1. Introduction of new clause in the "Supply" definition

Existing Provision,

- (a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;
- (b) import of services for a consideration whether or not in the course or furtherance of business and
- (c) the activities specified in Schedule I, made or agreed to be made without a consideration;

Amended Provision,

Following clause was inserted to the existing section,

- (aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation.-- For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;

2. Interest on Delayed Payment of Tax

Retrospective amendment proposed, effective from 1st July 2017 proposed so as to charge the interest on belated remittances of GST only on the net cash liability and not on the Gross Liability.

3. Eligibility and conditions for taking input tax credit

Amendment proposed to insert an additional condition for availing input credit; namely, input credit to be availed only when the credit amount is reflected in the GSTR 2A of the taxable person.



4. Scrapping of GST Audit and Self certification of Annual Return



- Amendments proposed to omit the provisions relating to GST Audit
- GST Annual Return is to be submitted with the Audited financial statements with a self certified Reconciliation statement. It further provides for the Commissioner to exempt a class of taxpayers from the requirement of filing the annual return

5. Zero rated supply

- Amendments proposed to consider a supply to SEZ as “Zero rate supply of goods or services” to the extent it is supplied for the “Authorised operations of SEZ”.
- Amendment to empower the Government to notify the class of persons / class of goods or services who / which shall export / be exported only up on payment of taxes.
- Refund of input taxes paid in respect of zero rated supplies (Exports without payment of taxes) shall be repaid with interest if the export proceeds are non realized within 30 days after the expiry of time limit prescribed under FEMA for realization & repatriation.

6. Self Assessment Tax includes liabilities declared in GSTR 3B but not in GSTR 1

Insertion of clause to clarify that “self-assessed tax” shall include the tax payable in respect of outward supplies, the details of which have been furnished under section 37 (GSTR 3B), but not included in the return furnished under section 39 (GSTR 1)

7. Increase in Scope for Provisional Attachment of Properties

Section 83(1) of CGST Act substituted to provide that provisional attachment of a Bank account shall remain valid for the entire period starting from the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV till the expiry of a period of one year from the date of order made thereunder.

8. Amendments relating to detention, seizure and confiscation of goods

Section 129 of the CGST Act is amended to delink the proceedings in respect of detention, seizure and release of goods and conveyances in transit, from the proceedings under section 130 relating to confiscation of goods or conveyances and levy of penalty

9. Other Amendments

- section 107 of the CGST Act is being inserted to provide that no appeal shall be filed against an order under sub-section (3) of section 129, unless a sum equal to 25% of the penalty has been paid by the appellant.
- Section 151 of CGST Act is being amended whereby the Commissioner or any other officer authorized by him is empowered to collect any information from any person in any matter by issuance of an order.
- Section 152 of CGST Act has been amended to provide an opportunity of being heard to the concerned person with respect to information sought under Section 150 (Obligation to furnish information return) and Section 151 (Power to collect statistics)

Impact of Union Budget on Companies act, 2013

1. Incorporation of One Person Company (OPC)

i. Non-Resident Indian Citizens (NRIs) can Incorporate OPCs in India:-

It has opened the doors for NRIs to invest in India without any concerns for more compliances and investment. Now only signal person who is not an Indian resident can look forward for their investments in India.

ii. Residency Limit reduced from 182 days to 120 days for a Resident Indian Citizen to Incorporate OPC:-

Resident Indian Citizens who has stayed in India for a period of 120 days in the Preceding Financial Year can incorporate an OPC. (182 days reduced to 120 days for determining residency).

iii. OPCs can grow without any restrictions in Share Capital and Turnover:-

Previously OPCs have to mandatorily convert into a Public or a Private Company if their Share Capital exceeds Rs. 50 Lakhs or Turnover exceeds Rs. 2 Crore. Now, they can continue as an OPC even if the Threshold Limit exceeds the limits as mentioned above.

This will further directly benefit Start-Ups and Innovators.

2. Ease of compliance for Small Companies

The Threshold Limit for Small Companies with respect to Share Capital has been increased to Rs. 2 Crores and Turnover to Rs. 20 Crores. this will benefit more than 2 lakh Companies in easing their compliance requirements.

Ease of Compliance for a Small Company are as follows:-

- Two Board Meetings in Calendar Year. (Instead of Four Meetings).
- Rotation of Auditors – Not Applicable.
- Abridged Board's Report (Shortened Version of Board's Report).
- No Requirement of Cash Flow Statement.
- Lesser Penalties for Small Companies under the Companies Act, 2013.
- Fast Track Merger of Small Companies by the Regional Director Route. (Avoidance of NCLT Proceedings and Savings in Time and Cost.)

3. Fast track merger of Start-up Companies

Start-Up Companies means a Private Limited Company registered with the Department for Promotion of Industry and Internal Trade.

Fast Track Merger – Merger of Companies by the Regional Director Route. The Benefits of the Fast Track Merger are as follows:-

- No Mandatory approval of NCLT required.
- No Need of Issuing Public Advertisement.
- No Court Convened Meeting.
- Less Administrative Burden.
- Series of Hearing may be avoided.
- Registration of scheme shall deemed to have effect of dissolution of transferor companies without the process of winding up.
- Comparatively less cost

Now, a Start-Up Company can merge with another Start-Up Company or with a Small Company under the Regional Director Route which ensures savings in time and cost.

4. Faster resolution of cases with NCLT

To ensure faster resolution of cases:-

- NCLT framework will be strengthened,
- e-Courts system shall be implemented,
- Alternate methods of debt resolution and
- Special framework for MSMEs shall be introduced

5. MCA21 version 3.0

During the coming FY 2021-22, the government will be launching:-

- Data Analytics,
- Artificial Intelligence,
- Machine Learning driven MCA21 Version 3.0

This Version 3.0 will have the following additional modules for:-

- e-Scrutiny,
- e-Adjudication,
- e-Consultation and
- Compliance Management

Direct Tax

Compliance Due Date	Purpose	Reporting Period	Compliance Description
07-02-2021	TDS/TCS	Jan 2021	Due date for deposit of Tax deducted/collected for the month of January,2021.
14-02-2021	TDS Certificate	Dec 2020	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB,194M in the month of December, 2020
15.02.2021	Filing of return	F.Y 2019-2020	Due date for filing of return of income for the assessment year 2020-21 if the assessee is (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or (d) required to submit a report under section 92E pertaining to international or specified domestic transaction(s)
15.02.2021	TDS/ TCS	Jan 21	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of January,2021 has been paid without the production of a challan
15.02.2021	TDS Certificate	Dec 2020	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2020.

Indirect Taxes

Compliance Due Date	Purpose	Reporting Period	Compliance Description
10-02-2021	GSTR-1 (Monthly)	Jan 2021	Summary of outward supplies made by taxpayer
11-02-2021	GSTR-1 (Quarterly)	Jan 2021	Summary of outward supplies made by taxpayer
20.02.2021	GSTR-3B	Jan 2021	Taxpayers having aggregate turnover > Rs. 5 Cr. in preceding FY
22.02.2021	GSTR-3B	Jan 2021	Taxpayers having aggregate turnover upto Rs. 5 crores in preceding FY depending upon the place of business
24.02.2021			
25.02.2021	GST PMT-06	Jan 2021	Payment of GST in form GST PMT-06 for the month of Jan -2021 for taxpayers who has opted for quarterly return monthly payment option.
28.02.2021	GSTR-9	F.Y 2019-2020	Taxpayers having an aggregate turnover of more than Rs. 2 Crores or opted to file Annual Return.
28.02.2021	GSTR-9C	F.Y 2019-2020	Reconciliation Statement/ Audit Report for Taxpayers having a Turnover of more than Rs. 5 crores.

Others

Compliance Due Date	Purpose	Reporting Period
15.02.2020	PF Payment	Jan 2021
15.02.2020	ESIC Payment	Jan 2021

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