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NEWSLETTER

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ANNOUNCEMENTS MADE UNDER THE AATMA NIRBHAR BHARAT ABHIYAAN PACKAGE

In light of the COVID-19 pandemic, a special economic package of Rs 20 lakh crore (equivalent to 10% of India's GDP) was announced by the Finance Minister. The aim of the package is to prepare the country for the tough competition in the global supply chain and to empower the poor, labourers, and migrants who have been adversely affected by the pandemic and the lockdown. Table below shows components of the economic package.

Break-up of stimulus	Amount (in Rs crore)
Stimulus from earlier measures	1,92,800
Business including Micro, Small and Medium Enterprises (MSMEs)	5,94,550
Poor people including migrants and farmers.	3,10,000
Agriculture and allied sectors.	1,50,000
Other sectors such as: coal and mineral, defence, civil aviation, power, social infrastructures, space, atomic energy	48,100
Sub Total	1,295,400
RBI Measures (Actual)	8,01,603
Grand Total	20,97,053

Source: Presentations made by Union Finance Minister Ms. Nirmala Sitharaman under Aatmanirbhar Bharat Abhiyaan
Some key initiatives under various sectors announced under the package are as follows:

GOVERNMENT REFORMS:

- **Increase in borrowing limits:** The borrowing limits of state governments will be increased from 3% to 5% of Gross State Domestic Product (GSDP) for the year 2020-21. The increase beyond 3.5% of the GSDP will be conditionally linked to reforms on - universalisation of 'One Nation One Ration card', **ease of doing business, power distribution, and urban local body revenues.**
- **Privatisation of Public Sector Enterprises (PSEs):** A new PSE policy has been announced. The policy is aimed at privatisation of PSEs, except the ones functioning in certain strategic sectors. A list of strategic sector PSEs will be notified by the government at a later stage. In strategic sectors, at least one PSE will remain, but private sector enterprises will also be allowed.

Business (including MSMEs):

- **Collateral free loans:** Collateral free loans up to three lakh crore rupees will be provided to all businesses. These loans will be provided through banks and Non-Banking Financial Companies (NBFCs).
- **Change in MSME definition:** The Micro, Small and Medium Enterprises Development Act, 2006 will be amended to change the MSME definition. As per the proposed definition, investment limit will be increased for MSMEs. A new criteria of annual turnover will be introduced. The turnover limit for micro, small and medium enterprises will be Rs 5 crore, Rs 50 crore, and Rs 100 crore, respectively.
- **Reduction in tax rates:** The rates of Tax Deduction at Source for the non-salaried specified payments made to residents and Tax Collected at Source will be reduced by 25% from the existing rates. This will apply from May 14, 2020 to March 31, 2021.

Agriculture and allied sectors:

- **Support to farmers and infrastructure:** Key initiatives in the sector to support farmers and infrastructural developments include (i) concessional credit worth two lakh crore rupees for 2.5 crore farmers, (ii) fund of one lakh crore rupees for development of agriculture infrastructure projects, and (iii) additional fund of Rs 30,000 crore to meet the crop loan demand through NABARD and Rural Banks.
- **Amendment to the Essential Commodities Act, 1955:** The Essential Commodities Act, 1955 will be amended to deregulate food items including cereals, edible oils, oilseeds, pulses, and onions for attracting investments and enabling competition in the sector.

Defence:

- **Increase in FDI limit:** FDI limit in defence manufacturing under automatic route will be increased from 49% to 74%.
- **Make in India:** A list of weapons/platforms will be released which will be banned for import based on a year wise timeline. Further, the government has planned to improve the autonomy, accountability and efficiency in Ordnance Supplies by corporatisation of Ordnance Factory Board.

Housing and Social Sector:

- **Credit Linked Subsidy Scheme for Middle Income Group (MIG):** The Credit Linked Subsidy Scheme for Middle Income Group (annual income between Rs 6 lakh and Rs 18 lakh) will be extended by one year up to March 2021.
- **Support to real estate sector:** COVID 19 will be treated as an event of "Force Majeure" under Real Estate Regulatory Authority (RERA) by states/union territories and their Regulatory Authorities. An extension of six months will be given on registration and completion dates of all registered projects. This is for projects expiring on or after March 25, 2020 without individual applications.

Civil Aviation:

- **Efficient airspace management:** Restrictions on utilisation of the Indian Air Space will be eased allowing optimal utilisation of airspace, reduction in fuel use, and time to save about Rs 1,000 crore per year for the aviation sector
- **Public Private Partnership (PPP) model for airports:** World-class airports will be built through PPP model to enable private sector investment of around Rs 13,000 crore in 12 airports.

Energy:

- **Liquidity support for distribution companies (discoms):** A liquidity support of Rs 90,000 crore will be provided to power discoms in the form of funds from Power Finance Corporation and Rural Electrification Corporation. Discoms will also be provided with state government guaranteed loans exclusively for discharging their liabilities to power generation companies. Rs 50,000 crore will be spent on infrastructure development for evacuation of coal.

Migrant Workers:

- **One nation one card:** Under the scheme of One Nation One Card, the migrant workers will be allowed to access the Public Distribution System (Ration) from any Fair Price Shop in India by March 2021.
- **Affordable Rental Housing Complexes (ARHC) for Migrant Workers / Urban Poor:** The migrant labour/urban poor will be provided living facilities at affordable rent under Pradhan Mantri Awas Yojana.
- **Allocation for MGNREGS:** Additional Rs 40,000 crore will be allocated under MGNREGS. This increases the Union Budget allocation for MGNREGS from Rs 61,500 crore to Rs 1,01,500 crore (65% increase) for 2020-21.

Links to Presentation made by Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman under Aatmanirbhar Bharat Abhiyaan to support Indian economy in fight against COVID-19, Ministry of Finance:

Tranche 1	May 13, 2020	https://static.pib.gov.in/WriteReadData/userfiles/Aatmanirbhar%20Presentatio%20Part-1%20Business%20including%20MSMEs%2013-5-2020.pdf
Tranche 2	May 14, 2020	https://static.pib.gov.in/WriteReadData/userfiles/Aatma%20Nirbhar%20Bharat%20presentation%20Part-2%2014-5-2020.pdf
Tranche 3	May 15, 2020	https://static.pib.gov.in/WriteReadData/userfiles/Aatma%20Nirbhar%20Bharat%20Presentation%20Part-3%20Agriculture%2015-5-2020%20revised.pdf
Tranche 4	May 16, 2020	https://static.pib.gov.in/WriteReadData/userfiles/AatmaNirbhar%20Bharat%20Full%20Presentation%20Part%204%2016-5-2020.pdf
Tranche 5	May 17, 2020	https://static.pib.gov.in/WriteReadData/userfiles/Aatma%20Nirbhar%20Bharat%20%20Presentation%20Part%205%2017-5-2020.pdf



INCOME TAX UPDATES

ADDITIONAL DISCLOSURES IN THE INCOME TAX RETURN FORMS FROM A.Y.2020-21

I. Applicability of ITR Forms :

- **ITR 1 (SAHAJ)-**
 - o Resident individual having total income up to Rs.50 lakh, having Income from Salaries, one house property, other sources and agricultural income upto Rs.5,000/-.
 - o However, **an individual who is either Director in a company or has invested in unlisted equity shares cannot file ITR 1.**
- **ITR 2** - Individual and HUF **not having** income from business or profession
- **ITR 3** - Individual and HUF **having** income from business or profession
- **ITR 4 (SUGAM) –**
 - o Resident Individual, HUF or Partnership firm having income from Business/Profession not exceeding Rs. 50 lakhs
 - o **However, an individual who is either Director in a company or has invested in unlisted equity shares cannot file ITR 4.**
- **ITR 5** - Partnership Firm/ LLP/ Co-operative Society/ AOP/ BOI
- **ITR 6** - Companies other than companies claiming exemption U/sec 11
- **ITR 7** - Trusts/Institutions or companies claiming exemption U/sec 11

Note : The above tax returns can be filed on or before 30.11.2020

II. New Disclosures to be made in the ITR Forms for A.Y. 2020-21 :

- 2.1. Reporting of Cash deposited in one or all Current bank accounts in excess of Rs.1 Crore during the financial year in ITR 1 ,2,3 & 4
- 2.2. Reporting of Foreign Travel Expenditure in excess of Rs.2 Lakhs incurred by assessee on himself or for any other person during the financial year in ITR 1 , 2, 3 & 4
- 2.3. Reporting of Electricity Bill payments in excess of Rs.1 Lakh during the financial year in ITR 1 ,2,3 & 4
- 2.4. Separate information of Investments U/Ch VI-A during the period 01.04.2020 to 30.06.2020 if it is claimed in ITR 1 ,2,3 4 ,5 & 6 Deduction claimed U/sec 80C in regard to LIC Premium, PPF contribution, etc. as well as deduction U/sec 80G for donations made during the lockdown period of 01.04.2020 to 30.06.2020 to be shown separately.
- 2.5. Schedule of Long Term Capital Gains with STT - Information such as Fair value as on 31.01.2018 (Grand Fathering cost replacement)

These details were to be given in the ITR 4,5 & 6 since AY 2019-20 . Now the same are also to be provided in ITR 2 & 3.

- 2.6. Changes in the Schedule of carried forward of Losses (Schedule - CFL) –
Breakup has to be given for Normal Loss and Loss from 'Pass through Income' U/sec 115UA & 115UB to be provided in ITR 2, 3, 4, 5, 6 & 7
- 2.7. In the Schedule of 'Pass through income' U/sec 115UA & 115UB , details of income to be provided head wise in ITR 3, 4, 5, 6 & 7
- 2.8. Following details of Turnover to be provided U/sec 44AB in ITR 3, 4, 5 & 6
- i) Whether aggregate amount received including sales, turnover, gross receipts, capital account receipts during the year in cash exceeds 5% of the said aggregate amount
 - ii) Whether aggregate amount paid including Expenditure and Capital account payments during the year in cash exceeds 5% of the said aggregate payment
- 2.9. Company assessee has to disclose its option for tax U/sec 115BA (25% tax rate) /115BAA (22% tax rate) /115BAB (15% tax rate) in ITR 6.
- 2.10. Company assessee has to disclose in Schedule of Income from Other Sources details of Taxable Income out of Accumulated balance of Recognised provident fund taxable U/sec 111 in ITR 6.
- 2.11. To provide details of Tax on secondary adjustments under Transfer Pricing Provisions of section 92CE(2A) in ITR 3, 5 & 6.
- 2.12. Company assessee has to disclose Information of Income from Life Insurance Business as referred to U/sec 115B in Clause 'E' of the Schedule BP in ITR 6.
- 2.13. Disclosure of Disallowance U/sec 43B in regard to Interest payable to Deposit taking or Systematically Important NBFC (Schedule OI) in ITR 3, 5 & 6
- 2.14. Details to be provided in case of Trust/Institutions in ITR 7
- i) Mandatory Details of Registration
Information such as Application for Registration made with date as per new provisions and application under which section, Section under which Exemption opted
 - ii) Part B- Computation of Tax
Details of tax payable on income U/sec 115TD including interest U/sec 115TE



SEBI UPDATES

GIST OF SEBI CIRCULAR DATED MAY 20, 2020 ON DISCLOSURE OF MATERIAL IMPACT OF COVID 19 PANDEMIC

Object:

To provide advisory on disclosure of material impact of COVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Background:

The COVID-19 pandemic and the consequent lockdown restrictions imposed by national governments are unforeseen and beyond the control of the entities. Such events can lead to distortions in the market due to the gaps in information available about the operations of a listed entity. Hence, it is important for a listed entity to ensure that all available information about the impact of these events on the company and its operations is communicated in a timely and cogent manner to its investors and stakeholders.

Guidance:

Listed entities should endeavour to ensure that all investors have access to timely, adequate and updated information. An illustrative list of information that listed entities may consider disclosing, subject to the application of materiality, is given below:

- Impact of the COVID-19 pandemic on the business;
- Ability to maintain operations including the factories /units /office spaces functioning and closed down;
- Schedule, if any, for restarting the operations;
- Steps taken to ensure smooth functioning of operations;

- Estimation of the future impact of COVID-19 on its operations;
- Details of impact of COVID-19 on listed entity's -
 - o capital and financial resources;
 - o profitability;
 - o liquidity position;
 - o ability to service debt and other financing arrangements;
 - o assets;
 - o internal financial reporting and control;
 - o supply chain;
 - o demand for its products/services;
- Existing contracts / agreements where non-fulfilment of the obligations by and party will have significant impact on the listed entity's business
- Other relevant material updates about the listed entity's business

Additionally listed entities, while submitting Financial Statements under Regulation 33 of SEBI (LODR) may specify/indicate the impact of COVID 19 pandemic on their financial statements, to the extent possible.

Conclusion:

The above list is only illustrative and not exhaustive. Further, to have continuous information about the impact of COVID-19 on operations, listed entities may provide regular updates, as and when there are material developments.



COMPANY LAW UPDATES

1. Amendment in Schedule VII to the Companies Act, 2013: Contribution to PM Cares Fund:

Contributions towards PM Cares Fund shall be qualified as CSR Expenditure. Accordingly, Schedule VII to the Companies Act, 2013 has been amended w.e.f. March 28, 2020.

[Circular No: https://www.mca.gov.in/Ministry/pdf/Notice_27052020.pdf]

2. Clarification on Dispatch of Notice:

It has been clarified that for right issues opening upto July 31, 2020, in case of listed companies, inability to dispatch the notice to their shareholders through registered post or speed post or courier would not be viewed as violation of Section 62(2) of the Act.

[Notification No : https://www.mca.gov.in/Ministry/pdf/Circular21_11052020.pdf]

3. Annual General Meeting:

Clarification has been provided by MCA that companies are allowed to conduct their AGM through video conferencing (VC) or other audio visual means (OAVM), during the calendar year 2020, subject to the fulfilment of certain conditions.

[Notification No: https://www.mca.gov.in/Ministry/pdf/Circular20_05052020.pdf]



CUSTOMS DUTY UPDATES

1. **No Custom Duty and Health Cess on specified imports:** The government has decided to exempt import of following items from custom duty and health cess from 9th April, 2020 to 30th September, 2020 (both dates inclusive):
 - Artificial respiration, other therapeutic respiration apparatus (ventilators),
 - Face masks & Surgical masks,
 - PPE,
 - Covid-19 testing kits and
 - All the items required to manufacture the aforesaid items locally (subject to compliance with necessary import law)
2. **Increase in effective rate of RIC:** The government has made amendment to increase the effective rate of road and infrastructure cess by reducing the exemption from additional duty by further Rs. 9 per liter and thereby reducing the total exemption amount to Rs. 18 per liter from 6th May, 2020.
3. **Extension of period of validity of EPC:** The government vide notification dated 14th May, 2020 has extended the validity of export performance certificates for FY 2019-20 till 30th September, 2020 for import of unutilized value and quantity of goods specified in said certificate.
4. **Extension of due date of export by 6 months:** The government had allowed duty free imports of certain goods under compulsory export scheme within specified time frame. However, considering the current scenario, the government has relaxed the re-export norm by stating that the cases where the last date to re-export falls between 1st February, 2020 and 31st July, 2020 stands extended by six months.
5. **Inclusion of Gopalpur Port for export incentives:** The government vide notification dated 21st May, 2020 has included Gopalpur Port in Odisha in the list of notified port for the purpose of getting benefits under AA/ EPCG schemes and other export incentive schemes like MEIS / SEIS etc.



ARTICLE - COMPLIANCE BURDEN OF CHARITABLE TRUST UNDER INCOME TAX ACT, 1961

New Procedure for Registration:

The Finance Act, 2020, has changed the procedure for granting registration to the Charitable Trusts, Educational Institutions, Hospitals etc. A new Section 12AB has been inserted which specifies the new procedure for registration of Charitable Trusts. Similarly, section 10(23C) has also been amended and similar procedure, as stated in section 12AB, has been provided. Section 80G is also amended to provide for grant of certificate. These provisions will come into force w.e.f. 01.10.2020.

All the existing Charitable Trusts and other Institutions registered under sections 12AA and 10(23C) will have to apply for fresh registration under the new provisions of sections 12AB /10(23C) within 3 months, i.e., on or before 31.12.2020. The fresh registration will be granted for a period of 5 years. Thereafter, all Trusts/Institutions, claiming exemption under sections 11/10(23C), will have to apply for renewal of registration every 5 years. Broadly stated the revised procedure as stated in sections 12AB/10(23C) is as under:-

- **FOR EXISTING CHARITABLE TRUSTS, EDUCATIONAL INSTITUTIONS, HOSPITALS ETC. REGISTERED UNDER SECTIONS 12AA OR 10(23C):**
 - (i) They have to apply for fresh registration under section 12AB or 10(23C) in the prescribed form on or before 31/12/2020 to the Designated Authority, i.e. Principal Commissioner or Commissioner of Income Tax.
 - (ii) The designated authority will grant registration under section 12AB or 10(23C) for a period of 5 years.
 - (iii) The trust/institution will again have to apply to the designated authority for renewal of registration 6 months before the expiry of the above period of 5 years.
- **FOR NEW CHARITABLE TRUSTS, EDUCATION INSTITUTIONS, HOSPITAL ETC.**
 - (i) The application for registration in the prescribed form should be made to the designated authority at least one month prior to the commencement of the previous year relevant to the assessment year from which the registration is sought.
 - (ii) In such a case, the designated authority will grant provisional registration for a period of 3 assessment years.
 - (iii) Where such provisional registration is granted for 3 years, the Trust/Institution will have to apply for registration at least 6 months prior to expiry of the period of the provisional registration or within 6 months of commencement of its activities, whichever is earlier.

- **FOR INSTITUTIONS APPROVED UNDER SECTION 10(23C) OR 10(46)**

Section 11(7) is amended to provide that the registration of the Trust under section 12A/12AA will become inoperative from the date on which the trust is approved under section 10(23C)/10(46) or on 1/10/2020 whichever is later. In such a case the trust can apply for registration under Section 12AB. For this purpose the application for registration under section 12AB will have to be made at least 6 months prior to the commencement of the assessment year from which registration is sought.

- **IN CASE OF MODIFICATION OF OBJECTS OF THE TRUST OR INSTITUTION:**

Where a Trust or Institution has made modification in its objects and such modifications do not confirm with the conditions of registration, application should be made to the designated authority within 30 days from the date of such modification.

- **POWERS OF THE DESIGNATED AUTHORITY:**

Where the application for registration or renewal of registration is made as stated above the designated authority has power to call for such documents or information from the Trust/Institution or make such inquiry in order to satisfy about (a) the genuineness of activities of the trust/institution and (b) the compliance with requirements of any other applicable law for achieving the objects of the Trust or Institution. After satisfying himself, the designated authority will grant registration for 5 years or reject the application for registration after giving hearing to the trustees. If the application is rejected, the Trust or Institution can file appeal before ITA Tribunal within 60 days. The designated authority has also power to cancel the registration of any Trust or Institution under section 12AB on the same lines as provided in the existing section 12AA.

- **NEW PROCEDURE FOR APPROVAL UNDER SECTION 80G:**

Section 80G of the Income tax Act has been amended effective from 1/10/2020. At present certificate granted under section 80G is valid until it is cancelled. Now, this provision is deleted and a new procedure has been introduced. Briefly stated, this procedure is as under:-

- (i) Where the trust/institution holds certificate under section 80G it will have to make a fresh application for a new certificate under that section on or before 31/12/2020. In such a case the designated authority will give a fresh certificate which will be valid for 5 years.
- (ii) For renewal of the above certificate, application will have to be made at least 6 months before the date of expiry of such certificate.
- (iii) In a new case the application for certificate under section 80G will be required to be filed atleast one month prior to commencement of the previous year relevant to the assessment year for which the approval is sought. In such a case the designated authority will give provisional approval for 3 years.
- (iv) In a case where provisional approval is given, application for renewal will have to be made at least 6 months prior to expiry of the period of provisional approval or within 6 months of commencement of the activities by the Trust/Institution whichever is earlier.

In cases of fresh application or renewal of certificate as stated above, the designated authority shall call for such documents or information or make such inquiries as he thinks necessary in order to satisfy that the activities of the trust/institution are genuine and that all conditions specified at the time of grant of approval earlier have been complied with. After he is satisfied he shall renew the certificate under section 80G. If he is not so satisfied, he can reject the application, after giving hearing to the trustees. The Trust/Institution can file appeal to ITA Tribunal within 60 days if the approval under section 80G is rejected.

- **PROCEDURE FOR FILING PARTICULARS OF DONORS:**

Amendment in Section 80G further provides that every trust/institution holding section 80G certificate will be required to file with the prescribed Income tax Authority particulars of all donors in the prescribed form within the prescribed time. The Trust/Institution has also to issue a certificate in the prescribed form to the donor about the donations received by the Trust/Institution. The donor will get deduction under section 80G only if the trust/institution has filed the required statement with the Income tax Authority and issued the above certificate to the donor. In the event of failure to file the above statement or issue the above certificate within the prescribed time the trust/institution will be liable to pay fee of Rs.200/- per day for the period of delay under new section 234G. Further, penalty of Rs.10,000/- (minimum) which may extend to Rs.1 lakh (Maximum) may also be levied for the failure to file details of donors or issue of Certificate to donors under the new section 271K.

It may be noted that the above provisions for filing particulars of donors and issue of certificate to donors will apply to donations for scientific research under section 35(1)(ii)(ia) or (iii). These sections are also amended. Provisions for levy of fee or penalty for failure to comply with these provisions will also apply to the donee Company or Association which receives donations under Section 35. As stated earlier, the donor will not get deduction for donations as provided in section 80GG if the donee company or association has not filed the particulars of donors or not issued the certificate for donation.

- **FILING OF RETURN OF INCOME AND AUDIT REPORT:**

Section 139(1) has been amended by the Finance Act 2020, whereby the Return of Income of the Charitable Trust/Institution from A/Y: 2020-21 (F.Y:2019-20) will now be required to be filed on or before 30.11.2020. However, an amendment to section 44AB, effective from A/Y:2020-21 (F.Y:2019-20), provides that the Audit Report in Form 10B will have to be filed by 31.10.2020.



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