

Manubhai & Shah LLP

Chartered Accountants

Ahmedabad • Mumbai • NCR • Rajkot • Baroda • Gandhinagar • Udaipur

NEWSLETTER October 2020

Covering Updates for the Month of September'20
For private circulation and clients only

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INCOME TAX UPDATES

I. Relief to Charitable Trust / Organisation for Renewal of Registration Under Section 10 (23C)/12AA & 80G

A big relief has been granted by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 to Charitable Trust/Institution Registered Under Section 10(23C)/12AA & 80G as the same is now deferred till 31.03.2021.

II. Declaration by Company Assessee for new regime of tax U/sec 115BAA & 115BAB :

- a. Company assessee selecting new regime of tax U/sec 115BAA (22% tax) has to file declaration in Form No. 10IC before filing their Income tax return for A.Y. 2020-21.
- b. Company assessee selecting new regime of tax U/sec 115BAB (new manufacturing company -15% tax) has to file declaration in Form No. 10ID before filing their Income tax return for A.Y. 2020-21.

III. Important Circulars & Notifications under Direct Taxes:

1. No requirement of scrip wise reporting for day trading and short-term sale or purchase of listed shares (Press release 26.09.2020)

The CBDT has clarified that for AY 2020-21, there is no requirement of scrip wise reporting for day trading and short-term sale or purchase of listed shares. Scrip-wise details is required to be filled only for the reporting of the long-term capital gains for shares/units which are eligible for the benefit of grandfathering. i.e. for equity shares/equity oriented mutual funds purchased before 31.01.2018 & sold during the FY 2019-20. For shares/units which are not eligible for grandfathering, scrip-wise details are not required to be given

2. COMPULSORY SELECTION FOR COMPLETE SCRUTINY AND CONDUCT OF ASSESSMENT PROCEEDINGS - Circular F. No. 225, Dated 17-9-2020

In the said circular, CBDT has issued guidelines for compulsory selection of returns for Complete Scrutiny during Financial Year 2020-21 and conduct of assessment proceedings in such cases based on the following parameters -

Sr. No.	The Parameter	Interest subsidy
1	Cases pertaining to survey u/s 133A of the	Income-tax Act, 1961 ('Act')
	(i) In respect of such cases selected for compulsory scrutiny and where there is impounded material	(i) After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer for compulsory selection, such cases shall be transferred to Central Charges u/s 127 of the Act.
	(ii) In respect of such cases selected for compulsory scrutiny and where there is no impounded material	(ii) After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer, assessment proceedings in such cases will be conducted by NeAC.
2	Cases pertaining to Search and Seizure.	The cases shall be transferred to Central Charges u/s 127 of the Act .
3	Cases in which notices u/s 142(1) of the Act have been issued	
	(i) Cases where no return has been furnished in response to a notice u/s 142(1) of the Act.	These cases will be taken up for compulsory scrutiny by NeAC.
	(ii) Cases where return has been furnished in response to notice u/s 142(1) of the Act and where notice u/s 142(1) was issued due to the information contained in AIR information.	These cases will not be taken up for compulsory scrutiny and the selection of such cases for scrutiny will be through CASS.
	(iii) Cases where return has been furnished in response to notice u/s 142(1) of the Act and notice u/s 142(1) was issued due to the specific information received from Law Enforcement Agencies, including the Investigation Wing; Audit Objection; etc.	After the issue of notice u/s 143(2) of the Act assessment proceedings will be conducted by NeAC.
4	Cases in which notices u/s 148 of the Act have been issued	
	(i) Cases where no return has been furnished in response to notice u/s 148 of the Act.	In such cases, Jurisdictional Assessing officer shall issue notice u/s 142(1) subsequent to which, assessment proceedings will be conducted by NeAC.
	(ii) Cases where return has been furnished in response to notice u/s 148 of the Act and where notice u/s 148 was issued due to the information contained in AIR information .	These cases will not be taken up for compulsory scrutiny and the selection of such cases for scrutiny will be through CASS.
	(iii) Cases where return has been furnished in response to notice u/s 148 and notice u/s 148 was issued due to the information from Law Enforcement Agencies, including the Investigation Wing; Audit Objection; etc.	After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer, assessment proceedings will be conducted by NeAC.
5	Cases related to registration/approval under various sections of the Act, such as 12A, 35(1)(ii)/(iia)/(iii), 10(23C), etc.	After the issue of notice u/s 143(2) of the Act by the Jurisdictional Assessing Officer, assessment proceedings will be conducted by NeAC.

3. Guidelines in regard to provisions of Sec 194O (CBDT Circular No.17 of 2020 dated 29.09.2020

3.1. Provisions of Sec 194-O will not be applicable to the following transactions :

- i. transactions in securities and commodities which are traded through recognized stock exchanges (defined in clause (ii) of the Explanation 1 to section 43(5) of the Income Tax Act such as NSE, BSE, MCX, NCDEX etc) or cleared and settled by the recognized clearing corporation (as defined in clause (i) of the Explanation to section 10(23EE) of the Income Tax Act) including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre. (as defined in clause (q) of section 2 of the Special Economic Zones Act, 2005).
- ii. transactions in electricity, renewable energy certificates and energy saving certificates traded through power exchanges registered in accordance with Regulation 21 of the CERC

3.2 T.D.S. liability on e-commerce operator :

It is clarified that e-payment gateway will not be required to deduct tax under section 194-O of the Act on a transaction, if the tax has been deducted by the e-commerce operator under section 194-O of the Act, on the same transaction unless an undertaking from the e-commerce operator regarding deduction of tax has been obtained by the e-payment gateway.

3.3. Applicability of threshold limit of Rs. 5 lakhs for financial year 2020-21:

It is clarified by the C.B.D.T. that since, the threshold of Rs. 5 lakhs for an individual/Hindu undivided family being e-commerce participant is with respect to the previous year, calculation of amount of sale or services or both for triggering deduction under section 194-O of the Act shall be counted from 01.04.2020. It is further clarified that TDS U/sec 194-O shall be deducted in relation to such a participant on any sum credited or paid on or after 01.10.2020.

4. Faceless Appeals Scheme, 2020 :

C.B.D.T. has notified Faceless Appeal Scheme, 2020 for appeals before C.I.T.(Appeals) vide Notification No. 3296 dated 25.09.2020.

5. Faceless Assessment Scheme effective from 01.11.2020

Faceless Assessment Scheme is effective from 01.11.2020 and the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, has included following provisions of the same under the Income Tax Act.

- | | |
|---|----------------|
| i. Procedure for Assessment | - Section 144B |
| ii. Reference to DRP | - Section 144C |
| iii. Procedure for assessment of Escapement of Income | - Section 151A |
| iv. Rectification Order | - Section 157A |
| v. Collection and Recovery of Taxes | - Section 231 |
| vi. Appeal to Tribunal | -Section 253 |
| vii. Revision before C.I.T. | -Section 264A |
| viii. Institution of Prosecution | -Section 279 |

TCS on Sale of Goods- A new Compliance under Income Tax Act

1. What is TCS?

Tax Collection at Source (TCS) is collection of tax from the buyer by the seller. The concept of TCS already exists under the Income Tax Act, 1961 (the ACT) under section 206C (1),(1C) and (1F) ,i.e. on sale of Timber, Tendu leaves, forest produce, scrap, minerals and motor car .

2. TCS on Sale of Goods :

The Finance Act, 2020 has expanded the scope of TCS by insertion of sub-section (1G) and (1H) to section 206C which comes into force on 01.10.2020. The section 206C(1H) provides that a seller of goods is liable to collect TCS on receipt of consideration from the buyer of goods, other than goods covered by Section 206C(1), (1F) and (1G). In the present article, we are discussing provisions of new section 206C(1H) which applies to wider section of business community.

3. Applicability :

The provisions of section 206C(1H) will be applicable :

- 3.1. If the seller is a person whose sales, turnover or gross receipts from the business in the preceding financial year exceeds Rs.10 Crores ; and
- 3.2. Will apply only in respect of the consideration in excess of Rs.50 lakhs received from a buyer in the financial year. So, no tax will be collected upto a receipt of Rs.50 lakhs in a year.

It is to be noted that turnover of Rs.10 crores is to be considered of each preceding year.

4. Exceptions :

It may be noted that this provision does not apply in the following cases -

- a. If the buyer is the Central Government, State Government, an Embassy, a High Commission, Legation, Commission, Consulate, the Trade Representation of a Foreign State or a Local Authority.
- b. on export of goods out of India.
- c. on sale on which buyer has deducted tax at source (TDS) under the Act.
- d. goods sold are already covered under sub sections (1),(1C),(1F) and (1G) of section 206C.

Further, provisions of Sec 206C(1H) will not be applicable to the following transactions as **clarified by CBDT Circular No.17 of 2020 dated 29.09.2020:**

- i. transactions in securities and commodities which are traded through recognized stock exchanges (defined in clause (ii) of the Explanation 1 to section 43(5) of the Income Tax Act such as NSE, BSE, MCX, NCDEX, etc) or cleared and settled by the recognized clearing corporation (as defined clause (i) of the Explanation to section 10(23EE) of the Income Tax Act) including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre. (as defined in clause (q) of section 2 of the Special Economic Zones Act, 2005).

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

5. Time of collection of TCS :

The seller has to collect TCS at the time of actual receipt of payment only and not at the time of issue of sales invoice. So, there will be no TCS applicable if no payment is received from the buyer. However, as a matter of convenience, it is advisable to add TCS amount in the sales invoice itself.

6. Rate of TCS :

- 6.1. This section provides that a seller of goods is liable to collect TCS at the rate of 0.1% for F.Y. 2020-21 rate would be 0.075% till 31st March 2021 as a relief measure in Covid-19 situation as notified by the CBDT vide press release dated 13.05.2020.

6.2. If PAN /Aadhaar of buyer not available :

However, the rate of TCS will be 1% when the buyer does not provide PAN or Aadhar Card Number.

7. Deposit of TCS & Filing of Return-

The seller needs to deposit the TCS collected during a month within 7 days of next month vide Challan no 281.

A quarterly return in form no. 27EQ is required to be filed within 15 days from the close of quarter which is as under:

Quarter Ending on	Due date of submission of return	Due date for issuance of certificate of tax
30th June	15th July	30th July
30th September	15th October	30th October
31st December	15th January	30th January
31st March	15th May	30th May

Issuance of certificate

The collector is required to issue TCS Certificate in Form No 27D

8. Credit for TCS :

Collectee (Buyer) can claim the credit for the said TCS in his Income Tax Return Under Section 206C (4).

9. Interest, Penalty & Prosecution for Non-compliance

9.1. Interest :

If collector fails to collect or after collection fails to pay it to the credit of Central Government, he shall be liable to pay interest under section 206C (7) at the rate of 1% for every month or part thereof on the amount of tax he failed to collect or pay. The interest shall be calculated for the period starting from the date on which tax was required to be collected and ending on the date on which tax is deposited.

9.2. Late Fees

In case, a collector files return of TCS after the due dates, he is liable to pay late filing fees under section 234E.

9.3. Penalty :

If Collector fails to file the TCS return or does not file it by the due dates or furnishes inaccurate information under TCS return, he shall be liable to pay penalty under section 271H which is minimum amount of Rs. 10,000 and maximum amount of Rs. 100,000/-.

9.4. Failure to issue TCS Certificate

If a collector fails to issue TCS certificate to the collectee, he shall be liable to pay penalty of Rs. 10,000/- under section 272A.

9.5. Failure to collect TCS :

If collector fails to collect the tax at source, he shall be liable to pay penalty under section 271CA which shall be equal to the amount of tax he failed to collect.

9.6. Prosecution :

If collector fails to deposit the tax to the credit of Central Government, he shall be punishable under section 276BB with rigorous imprisonment for a term which cannot be less than 3 months but which may extend to 7 years and with fine.

10. Clarification from C.B.D.T. for F.Y. 2020-21 vide Circular No.17 of 2020 dated 29.09.2020:

10.1. Applicable to Actual Receipts after 30.09.2020 :

It is clarified by the C.B.D.T. that since, the provision of sec 206C(1H) is effective from 01.10.2020, the same will not be applicable to any sale consideration received before 01.10.2020. However, it will be applicable to all sale consideration (including advance received for sale) received on or after 01.10.2020 even if the sale was carried out before 01.10.2020.

10.2. Threshold Limit of Receipts of Rs. 50 lakhs after 30.09.2020 :

Since the threshold of fifty lakh rupees is with respect to the previous year, calculation of receipt of sale consideration for triggering TCS under sub-section (1H) of section 206C shall be computed from 1st April, 2020. Hence, if a person being seller has already received fifty lakh rupees or more upto 30th September 2020 from a buyer, the TCS under sub-section (1H) of section 206C shall apply on all receipt of sale consideration during the previous year, on or after 1st October 2020, from such buyer.

10.3. Applicability to Sale of Motor Car :

1. Receipt of sale consideration from a dealer would be subjected to TCS under section 206C(1H) of the Act, if such sales are not subjected to TCS under section 206C(1F) of the Act.
2. In case of sale to consumer, receipt of sale consideration for sale of motor vehicle of the value of Rs. 10 lakh or less to a buyer would be subjected to TCS under section 206C (1H) of the Act, if the receipt of sale consideration for such vehicles during the previous year exceeds Rs.50 lakhs during the previous year.

10.4.Adjustment for sale return, discount or indirect taxes:

It is clarified by the CBDT that TCS is to be collected on actual receipt without any deduction of discount, indirect taxes charged such as GST or sales return.

Concluding Thoughts:

The said provisions of TCS on sale of goods is going to put hardship on the financial liquidity of a buyer and compliance cost of a seller as well. Besides, a seller will have to track account of his Customer crossing the threshold limit of Rs.50 lakhs of receipts during a year.



COMPANY LAW UPDATES

- **Amendment in Companies (Acceptance of Deposits) Rules**

An amount of twenty five lakh rupees or more received by a start-up company, by way of a convertible note (convertible into equity shares or repayable within a period not exceeding ten years from the date of issue) in a single tranche, from a person are excluded from the definition of Deposits. Earlier the time limit of conversion was five years.

Notification can be accessed at:

https://www.mca.gov.in/Ministry/pdf/Rule_25092020.pdf

- **Relaxation and Extension for filling various forms due to COVID-19**

Following relaxation has been provided by Ministry of Corporate Affairs due to impact of COVID-19 pandemic.

Particulars	Time limit	Relaxation/extension
Issue of Cost Audit Report and filling of Form-CRA-4.	Within 180 days of the closure of financial year i.e. 30 September, 2020 for FY 2019-20	For issue of cost audit report - 30 November, 2020 For filling of cost audit report - 31 December, 2020
Companies Fresh Start Scheme, 2020	30 September, 2020	31 December, 2020
LLP Settlement Scheme, 2020	30 September, 2020	31 December, 2020
Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013-	30 September, 2020	31 December, 2020
Passing of ordinary and special resolutions by companies under the Companies Act, 2013 through VC or OAVM or transact items through postal ballot	30 September, 2020	31 December, 2020
Creation of deposit reserve and invest 15% of amount of debentures	30 September, 2020	31 December, 2020

- **Companies (Amendment) Act, 2020**

On 6th March 2020 the Corporate Affairs Minister introduced “The Companies (Amendment) Bill, 2020.” in the parliament to amend some of the provisions of the Companies Act, 2013 (the Act). This Bill was passed by the Parliament in September 2020. It has received the assent of the President on 28th September, 2020 and it has become The Companies Amendment Act, 2020 (Amendment Act). There are 66 sections in this Amendment Act amending several sections of the Act. These amendments will come into force on the date to be notified by the Central Government. Some of the important provisions of the Amendment Act are given hereunder:

Objectives

The Corporate Affairs Minister, while introducing the amendments has stated the objective as under

- To decriminalize some provisions of the Act, based on their gravity;
- To amend various provisions of the Act to decriminalise minor procedural or technical lapses under the provisions of the said Act, into civil wrong;
- To constant Endeavour of the Government to facilitate Greater Ease of Living of Law abiding corporates;
- To provide greater ease of living to corporates through certain other amendments to the Act

Amendments in Brief:

1. Incorporation of Producer Companies

A new Chapter XXIA has been introduced relating to Producer Companies. This chapter has been introduced for the benefit of the farmers, agriculture, handloom, handicraft and cottage industries.

2. Overseas listing of securities:

Section 3 (3) allows Indian public companies to list securities directly on overseas stock exchange in permissible foreign jurisdictions. The Central Government has been empowered to determine the classes of public companies that may list overseas, classes of securities that may be listed, and the jurisdictions and stock exchanges where listing may be undertaken.

3. Exclusion from the definition of listed company:

The Amendment Act empowers the Central Government, in consultation with the Securities and Exchange Board of India (“SEBI”), to exclude companies issuing specified classes of securities from the definition of a “listed company”. This applies mainly to companies issuing debt securities.

4. Reduced timeline for rights issue:

In order to speed up the procedure for rights issue under Section 62 of the Act, the timelines for applying for rights issues has been reduced from 15 days to such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined.

5. Remuneration to non- executive directors

The Act provides for payment of remuneration to executive directors of the company which includes managing director and other full-time directors if the concerned company has inadequate or no profit in a year. The Act does not make provision for payment of remuneration to non-executive and independent directors. Section 197(3) of the Act now includes non-executive directors and independent directors for payment of remuneration as per Schedule V of the Act.

6. Declaration of beneficial interest in shares:

As per Section 89 of the Act, a person holding shares but not having beneficial interest in the company is required to make a declaration to the company. The Act exempts such class of persons from complying with these requirements if considered necessary in public interest.

7. Exemptions from filing resolutions

Under Section 117(3)(g) of the Act, banking companies are exempted from filing certain resolutions with the Registrar of Companies (ROC). The Amendment Act now extends this exemption to non-banking financial companies and housing finance companies as well.

8. Corporate Social Responsibility

Companies which have Corporate Social Responsibility (CSR) spending obligation up to Indian rupees 5 million shall not be required to constitute the CSR Committee. The Amendment Act also allows eligible companies under the Act to set off any amount spent in excess of their CSR spending obligation in a particular financial year towards such obligation in the succeeding financial years. Further, penalty provisions are inserted in case of defaulting companies for non-compliance of CSR provisions.

9. Financial Result Filing

A new Section 129A has been introduced according to which classes of unlisted companies (as may be prescribed by the Central Government) will have to prepare and file periodical financial results and complete the audit or review of such results with the Registrar within 30 days from the end of the relevant period.

10. Rectification of name

If a company was registered inadvertently with a registered trade mark of a proprietor, and the name is too identical or resembles an existing trade mark, such company has to change its name within 3 months from the issue of CG's direction instead of 6 months' timeline provided earlier.

11. Relaxations / Waiver of Penalties

Penal provisions with respect to various provisions of the Act have been amended, which are mainly in nature of reductions in / waiver of existing penalty/fine/prosecution provisions. Following is the list of sections of the Act with respect to which penal provisions are amended.

Sr. No.	Section	Nature of Change in Penalty Provisions
1	8(11) Formation of Companies with Charitable Objects, etc.	Diluted
2	16(3) Rectification of Name of Company	Changed
3	26(9) Matters to be Stated in Prospectus	Diluted
4	40(5) Securities to be dealt with in Stock Exchanges	Diluted
5	48(5) Variation of Shareholders' Rights.	Diluted
6	56(6) Transfer and Transmission of Securities	Changed
7	59(5) Rectification of Register of Members	Omitted
8	64(2) Notice to be Given to Registrar for Alteration of Share Capital	Diluted
9	66(11) Reduction of Share Capital	Omitted
10	68(11) Power of Company to Purchase its Own Securities	Diluted
11	71(11) Debentures	Omitted
12	86(1) Punishment for Contravention	Changed
13	88(5) Register of Members, etc.	Changed
14	89(5) Declaration in Respect of Beneficial Interest in any Share	Changed
15	89 Declaration in Respect of Beneficial Interest in any Share	Diluted
16	90(10) Register of significant beneficial owners in a company	Changed
17	90(11) Register of significant beneficial owners in a company	Changed
18	92(5) Annual Return	Diluted
19	92(6) Annual Return	Diluted
20	105(5) Proxies	Diluted
21	117(2) Resolutions and Agreements to be Filed	Diluted
22	124(7) Unpaid Dividend Account	Diluted
23	128(6) Books of Account, etc., to be kept by Company	Diluted
24	134(8) Financial Statement, Board's Report, etc.	Diluted
25	135(7) CSR	Changed
26	137(3) Copy of Financial Statement to be Filed with Registrar	Diluted
27	140(3) Removal, Resignation of Auditor and Giving of Special Notice	Diluted
28	143(15) Powers and Duties of Auditors and Auditing Standards	Diluted
29	147(1) Punishment for Contravention	Diluted
30	147(2) Punishment for Contravention	Diluted
31	165(6) Number of Directorships	Changed
32	167(2) Vacation of Office of Director	Diluted
33	172 Punishment	Diluted
34	178(8) Nomination and Remuneration Committee and Stakeholders Relationship Committee	Diluted
35	184(4) Disclosure of Interest by Director	Diluted
36	187(4) Investments of Company to be Held in its Own Name	Diluted
37	188(5) Related Party Transactions	Diluted
38	204(4) Secretarial Audit for Bigger Companies	Diluted
39	232(8) Merger and Amalgamation of Companies.	Changed
40	242(8) Powers of Tribunal	Diluted
41	243(2) Consequence of Termination or Modification of certain agreements	Diluted
42	247(3) Valuation by Registered Valuers	Diluted
43	342(6) Prosecution of Delinquent Officers and Members of Company	Omitted
44	347(4) Disposal of Books and Papers of Company	Diluted
45	348(7) Information as to Pending Liquidations.	Omitted



FOREIGN CONTRIBUTION (REGULATION) ACT, 2010 UPDATES

- **The Foreign Contribution (Regulation) Amendment Act, 2020**

The Foreign Contribution (Regulation) Amendment Act, 2020 (the Amendment Act) is effective from September 29, 2020. The Act amends the Foreign Contribution (Regulation) Act, 2010 (the Act). The Act regulates the acceptance and utilisation of foreign contribution by individuals, associations and companies. Foreign contribution is the donation or transfer of any currency, security or article (of beyond a specified value) by a foreign source. Some of the important amendments are given hereunder:

- **Prohibition to accept foreign contribution:**

Under the Act, certain persons are prohibited to accept any foreign contribution. These include: election candidates, editor or publisher of a newspaper, judges, government servants, members of any legislature, and political parties, among others. The Amendment Act adds public servants (as defined under the Indian Penal Code) to this list. Public servant includes any person who is in service or pay of the government, or remunerated by the government for the performance of any public duty.

- **Transfer of foreign contribution:**

Under the Act, foreign contribution cannot be transferred to any other person unless such person is also registered to accept foreign contribution (or has obtained prior permission under the Act to obtain foreign contribution).

The Amendment Act has amended this provision ***to prohibit the transfer of foreign contribution to any other person***. The term 'person' under the Act includes an individual, an association, or a registered company.

- **Aadhaar for registration:**

The Act provides that a person may accept foreign contribution if they have:

(i) obtained a certificate of registration from central government, or (ii) not registered, but obtained prior permission from the government to accept foreign contribution. Any person seeking registration (or renewal of such registration) or prior permission for receiving foreign contribution must make an application to the central government in the prescribed manner.

In this regard the Amendment Act has added the requirement that any person seeking prior permission, registration or renewal of registration must provide the Aadhaar number of all its office bearers, directors or key functionaries, as an identification document. In case of a foreigner, they must provide a copy of the passport or the Overseas Citizen of India card for identification.

- **FCRA account:**

Under the Act, a registered person must accept foreign contribution only in a single branch of a scheduled bank specified by them. However, they may open more accounts in other banks for utilisation of the contribution.

The Amendment Act has amended these provisions. It is now provided that foreign contribution must be received only in an account designated by the bank as “FCRA account” in such branch of the State Bank of India, New Delhi, as notified by the central government. No funds other than the foreign contribution should be received or deposited in this account. The person may open another FCRA account in any scheduled bank of their choice for keeping or utilising the received contribution.

- **Restriction in utilisation of foreign contribution:**

Under the Act, if a person accepting foreign contribution is found guilty of violating any provisions of the Act or the Foreign Contribution (Regulation) Act, 1976, the unutilised or unreceived foreign contribution may be utilised or received, only with the prior approval of the central government.

The Amendment Act now provides that the Government may also restrict usage of unutilised foreign contribution for persons who have been granted prior permission to receive such contribution. This may be done if, based on a summary inquiry, and pending any further inquiry, the government believes that such person has contravened provisions of the Act.

- **Renewal of license:**

Under the Act, every person who has been given a certificate of registration must renew the certificate within six months of expiration.

These provisions have been amended to provide that the government may conduct an inquiry before renewing the certificate to ensure that the person making the application: (i) is not fictitious or benami, (ii) has not been prosecuted or convicted for creating communal tension or indulging in activities aimed at religious conversion, and (iii) has not been found guilty of diversion or misutilisation of funds, among others conditions.

- **Reduction in use of foreign contribution for administrative purposes:**

Under the Act, a person who receives foreign contribution must use it only for the purpose for which the contribution is received. Further, they must not use more than 50% of the contribution for meeting administrative expenses.

The Amendment Act reduces *this limit to 20%*.

- **Surrender of certificate:**

The Amendment Act adds a provision allowing the central government to permit a person to surrender their registration certificate. The government may do so if, post an inquiry, it is satisfied that such person has not contravened any provisions of the Act, and the management of its foreign contribution (and related assets) has been vested in an authority prescribed by the government.

- **Suspension of registration:**

Under the Act, the government may suspend the registration of a person for a period not exceeding 180 days.

Now as per Amendment Act such suspension may be extended up to an additional 180 days.



INSOLVENCY AND BANKRUPTCY CODE (SECOND AMENDMENT) BILL, 2020

- Parliament passed the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2020, with Lok Sabha passing it with a voice vote on 21st September, 2020.
- Earlier, Rajya Sabha had passed the bill on Saturday. The bill amends the Insolvency and Bankruptcy Code, 2016 which provides a time bound process for resolving insolvency in companies and also among individuals.
- The legislation seeks to temporarily suspend initiation of the corporate insolvency resolution process, CIRP under the Code. It replaces the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 promulgated in June this year.
- The Bill provides that for defaults arising during the six months from 25th of March this year, CIRP can never be initiated by either the company or its creditors.
- The central government may extend this period to one year through notification. Insolvency is a situation where individuals or companies are unable to repay their outstanding debt.
- Replying to the discussion, Finance Minister Nirmala Sitharaman said that Insolvency and Bankruptcy is the significant part of the business and it is helping the companies and people to resolve the issues without going to NCLT.
- She said, amendments were brought due to the Covid-19 situation to give the immunity to the business from insolvency proceedings in this critical situation.

<https://www.ibbi.gov.in/uploads/whatsnew/aalac00c9a594c699c71c2d34fb990f9.pdf>



DUE DATES OF VARIOUS COMPLIANCES FALLING IN THE MONTH OF OCTOBER 2020

Due Date	Act/Authority	Compliance Description
01/10/2020 03/10/2020	GST	Payment of GST & Filing of GSTR-3B for taxpayers having turnover upto Rs.5 Crore in preceding Financial year for the month of August-2020 depending on place of business (State)
07/10/2020	Income Tax	Deposit of Tax Deducted/Collected (TDS/TCS) during the month of September-2020
10/10/2020	GST	GSTR-7/GSTR-8 for the month of September-2020 for persons required to deduct TDS
10/10/2020	GST	GSTR-8 for the month of September-2020 for e-commerce operator required to Collect TCS
11/10/2020	GST	GSTR-1 for the month of September-2020
13/10/2020	GST	GSTR-6 for the month of September-2020
15/10/2020	PF/ESIC	Payment of PF/ESIC for the month of September-2020
20/10/2020	GST	Payment of GST & Filing of GSTR-3B for the month of September-2020, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
20/10/2020	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of September-2020
22/10/2020 24/10/2020	GST	Payment of GST & Filing of GSTR-3B for taxpayers having turnover upto Rs.5 Crore in preceding Financial year for the month of September-2020 depending on place of business (State)
31/10/2020	GST	GSTR-9 Annual Return for Financial year 2018-2019
31/10/2020	GST	GSTR-9C Annual Audit and Reconciliation Statement for Financial year 2018-2019
31/10/2020	GST	Annual Return for Composition Dealer for the Financial year 2018-2019
31/10/2020	Income Tax	Filing of Tax Audit Report under Section 44AB for Financial year 2019-2020
31/10/2020	Income Tax	Filing of Report in Form 3CEB in respect of international transaction and specified domestic transaction for the financial year 2019-2020

Registered Office

G-4, Capstone, Opp. Chirag Motors,
Sheth Mangaldas Road, Ellisbridge,
Ahmedabad - 380 006, Gujarat, India.
Phone : +91 79 2647 0000

Knowledge Processing Center

2nd Floor, 'D' Wing, Shivalik Corporate Park,
Behind IOC Petrol Pump, 132ft. Ring Road,
Satellite, Ahmedabad - 380 015, Gujarat, India.
Phone : +91 79 26910000

13 floor, A Block, Ratnakar Nine Square,
Opp. Keshav Baug Party plot, Mansi Road,
Vastrapur, Ahmedabad - 380015, Gujarat, India.

Branches :**Mumbai Office**

Maker Bhavan No. II, 18, New Marine Lines,
Mumbai - 400 020, India.
Ph. : +91 22 6633 3558 / 59 / 60
: +91 22 6633 3561, 2203 7935

Unit No. 502, 5th floor, Modi House,
Bajaj Cross Road, Kandivali (West), India.

Gandhinagar

S - 8 & S - 9, (Unit No. 65 & 66),
Aspire-1, GIFT Multi Services SEZ,
Village - Ratanpur and Phirozpur,
Dist.: Gandhinagar - 382 355, Gujarat, India.
Ph. : +91 79 26470000 • Fax : +91 79 26470050

NCR

Ansal plaza, Vaishali, Ghaziabad (UP) - 201010.

Rajkot

2nd Floor, Shriji Complex,
Opp. Jalaram Petrol Pump, Kalawad Road,
Rajkot - 360 001, Gujarat, India.
Ph. : +91 281 2450162

Baroda

301-302, Aryaman Complex,
8, Prakash Society, Jetalpur Road,
Baroda - 390 005, Gujarat, India.
Ph. : +91 265 2311414

Udaipur

1st floor, 1 D 8, Hiran Margi, Sector-11,
Udaipur, Rajasthan, 313002, India.
Ph. : +91 294-2488958

