

Manubhai & Shah LLP

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Covering Updates for the Month of June' 21
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DIRECT TAX UPDATES

1. Extension of due dates for Direct Tax Compliances (C.B.D.T. CIRCULAR No. 12 of 2021 dated 25.06.2021)

The C.B.D.T. had last extended the due dates of various tax compliances to 31-05-2021 vide Circular 08/2021, dated 30.04.2021 issued under the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and to 30.06.2021 vide Circular 9/2021, dated 20.05.2021. Now, C.B.D.T. has decided to further extend the time limits of following compliances to provide relief to tax payers in view of the prevailing pandemic of COVID :

No.	Particulars	Last Extended Due Date	Revised Extended Due Date
1	Filing of Objections to Dispute Resolution Panel (DRP) under sec 144C	01-06-2021	Can be filed by due date as provided under that section or 31-08-2021 whichever is later
2	Furnishing of TDS Statement for the 4th quarter of the Financial Year 2020-21	30-06-2021	15-07-2021
3	Issue of TDS certificate in form 16th in respect tax deducted from the salary paid during the Financial Year 2020-21	15-07-2021	31-07-2021
4	Furnishing of statement in Form No. 64D of income paid or credited by an investment fund under Section 115UB to its unit holder for the Previous year 2020-21	30-06-2021	15-07-2021
5	Furnishing of statement in Form No. 64C by an Investment Fund under Section 115UB to unit holders in respect of income distributed during the previous year 2020-21	15-07-2021	31-07-2021
6	Application for Renewal of Registration under section 10(23C), 12AB 35(1)(ii)/(ia)/(iii), and section 80G in Form No. 10A/10AB by Trusts/Institutions, etc	30-06-2021	31-08-2021
7	Investments or Deposits to be made under section 54 to 54GB of the Income tax Act for claiming deduction against Long term Capital Gain	Due between 01-04-2021 to 29-09-2021	30-09-2021
8	Furnishment of Quarterly Statement in Form No. 15CC by an Authorized Dealer in respect to remittances made during the Quarter ended on 30.06.2021	Original Date 15-07-2021	31-07-2021
9	Equalization Levy Statement in Form No. 1 for F.Y. 2020-21	Original Date 30-06-2021	31-07-2021

10	Furnishing of Annual Statement in Form No. 3CEK by eligible Investment Funds under Section 9A(5) for F.Y. 2020-21	Original Date 29-06-2021	31-07-2021
11	E-filing of Form No. 15G/15H received by a tax deductor during Quarter ended on 30.06.2021	15-07-2021	31-08-2021
12	Filing of Form No. 34BB for withdrawal of pending Application before erstwhile Settlement Commission	Original Date 27-06-2021	31-07-2021
13	Linkage of Aadhar with PAN	30-06-2021	30-09-2021
14	Payment of taxes under Vivad se Vishwas Act :- - without additional amount - with additional amount	30-6-2021	31-08-2021 31-10-2021
15	Time limit for passing of any order for assessment or penalty under the Income-tax Act, 1961	30-06-2021	30-09-2021
16	Time limit for passing of any order for assessment or reassessment under the Income-tax Act, 1961	30-06-2021	30-09-2021
17	Time Limit for sending intimation of processing of Equalization Levy under section 168(1) of the Finance Act 2016	30-06-2021	30-09-2021

Circular can be accessed at:

https://www.incometaxindia.gov.in/communications/circular/circular_no_12_2021.pdf

2. Tax Exemption on receipt of financial assistance for COVID treatment (C.B.D.T. CIRCULAR No. 12 of 2021 dated 25.06.2021)

CBDT has clarified that following financial assistance received during FY 2019-20 and subsequent years by an individual is Exempt from income tax in the hands of that individual-

- from his Employer or any other person for treatment of COVID -19
- Any Ex-gratia payment received by family members of an individual from his Employer (without any limit) and from any other person on his death due to COVID-19. Amount received from any other person shall be exempt upto the limit of Rs.10 Lakhs.

Note : The above amendments will be notified in the Income tax Act in due course of time. It is also reported that the deduction of the above expenditure and Ex-gratia payment will be allowed to the Employer for which the Income-tax Act will be amended in due course of time.

Circular can be accessed at:

https://www.incometaxindia.gov.in/communications/circular/circular_no_12_2021.pdf

3. Relaxation in Electronic filing of income tax Forms 15CA/15CB till 15.07.2021 (Press Release dated 05.07.2021)

In view of the difficulties reported by taxpayers in electronic filing of Income-tax Forms 15CA/15CB on the new e-filing portal, CBDT has permitted taxpayers to submit the said Forms in manual format to the authorized dealers till 15.07.2021 for the purpose of foreign remittances. The same can be uploaded on the new e-filing portal at a later date for the purpose of generation of the Document Identification Number.

Press Release can be accessed at:

https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/946/PressRelease_CBDT_grants_further_relaxation_in_electronic_filing_of_ITForms_15CA_15CB_5_7_21.pdf

4. Cost Inflation Index for F.Y. 2020-21 (C.B.D.T. Notification No.73/2021 dtd 15.06.2021)

For the purpose of computation of Capital Gain under section 48 of the Income tax Act, CBDT has notified '317' as the Cost Inflation Index for F.Y.2021-22 (A.Y. 2022-23).

5. Functionality for Compliance Check under Section 206AB & 206CCA (C.B.D.T. Cir.No.11 of 2021 dtd 21.06.2021)

In order to ease the compliance burden of the Tax Deductor and Tax Collector, CBDT has initiated a new Functionality for Compliance Check under Section 206AB & 206CCA through the Reporting Portal of the Income tax Department.

6. New Rule 11UAE – Compels Revision of Slump Sale Price

The term 'Slump Sale' is defined under section 2(42C) of the Income-tax Act, 1961 (the Act) to mean the transfer of one or more undertakings as a result of the sale for a lump sum consideration without values being assigned to the individual assets and liabilities on such sales.

The computation mechanism of capital gain under the slump sale transactions is provided under Section 50B of the Act and is subject to tax under the head 'Capital Gain'.

Amendment by the Finance Act 2021

The Finance Act, 2021 has widened the definition of 'slump sale' under section 2(42C) by inclusion of all types of transfers covered under section 2(47). The Finance Minister has explained the rationale for amendment to the definition of 'slump sale' under section 2(42C) by stating that various judicial courts have taken a view that transfer of a capital asset in exchange is excluded from the definition of transfer and therefore is not liable for tax under 'slump sale' as provided under section 50B.

The amended definition of slump sale under section 2(42C) provides that "slump sale" means the transfer of one or more undertakings by any means. Accordingly under the amended definition of section 2(42C) all types of transfers, including slump sales by exchange of one undertaking for the non-monetary capital assets will get covered under section 50B of the Act effective from A.Y. 2021-22 (F.Y. 2020-21). To this extent the amendment is retrospective.

The Finance Act, 2021 has also amended sub section (2) of section 50B by insertion of clause (ii) providing that the fair market value (FMV) of the capital assets transferred under the slump sale shall be deemed to be sale consideration of such assets. Therefore, the capital gain under section 50B will have to be computed based on such deemed sale consideration which is to be derived in the prescribed manner. This amendment is effective from assessment year 2021-22 i.e. with effect from financial year 2020-21. This will mean that the Slump Sale transactions entered into in the Financial Year 2020-21 will be governed by this new provision.

New Rule 11UAE for computation of FMV

Now the CBDT has notified the mechanism of computation of the fair market value (FMV) of capital assets as required under section 50B of the Income-tax Act, 1961 by insertion of new Rule 11UAE **vide Notification no. 68/2021 dated 24.05.2021**.

It is provided in Rule 11UAE that the FMV is to be calculated on the date of slump sale and the FMV shall be higher of:

- FMV as per Rule 11UAE of capital assets transferred by way of slump sale (FMV 1); or
- Actual consideration received or accruing as a result of transfer by way of slump sale (FMV 2)

The FMV1 under Rule 11UAE = A+B+C+D - L

Where

A = **Book value of all the assets (other than jewellery, artistic work, shares, securities and immovable property)** appearing in the books of accounts of the undertaking transferred as reduced by the following amounts relating to such undertaking:

- any amount of income tax paid, if any, minus the amount of income-tax refund claimed, if any
- unamortized amount of deferred expenditure or any other asset that does not represent any value

B = FMV of jewellery and artistic work based on a valuation report obtained from a Registered Valuer

C = FMV of shares and securities as determined according to Rule 11UA of the Rules

D = The Stamp duty value on transfer of immovable property

L = Book value of liabilities as appearing in the books of accounts of the undertaking transferred by way of slump sale, excluding the following amounts that relate to such undertaking:

- The paid-up equity capital;
- The amount set apart for the payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer;
- Reserves and surplus, by whatever name called, even if the resulting figure is negative, other than reserves for depreciation;
- Provision for tax minus the amount of income-tax claimed as refund;
- Provisions for meeting unascertained liabilities;
- Contingent liabilities other than the arrears of dividends payable in respect of cumulative preference shares.

The FMV2 under Rule 11UAE= E+F+G+H

Where,

- E = Monetary consideration received or accruing on the transfer
- F = FMV of non-monetary consideration of jewellery, artistic work, shares and securities received or accruing as consideration on the transfer determined according to Rule 11UA of the Rules
- G = FMV of non-monetary consideration of the movable property (not covered under F) based on a valuation report obtained from a registered valuer
- H = The Stamp duty value of non-monetary consideration received or accruing on transfer of immovable property

Valuation of any assets as provided above has to be obtained from a registered valuer" as defined under Rule 11U r.w. Rule 8A of Wealth-tax Rules, 1957.

Implications of the amendment on Slump Sale transactions

The said amendment in the definition of slump sale and mechanism of computation of capital gain under sec 50B is a major shift for all the future slump sale transactions. From F.Y. 2020-21 onwards slump sale by exchange of other assets will also be liable for capital gain tax, if any. In all cases of slump sale the consideration will have to be worked out under the above Rule.

The CBDT has not clarified in the said Notification the date from which the Rule 11UAE shall be effective. It may be noted that the amendment in section 50B did not form part of the Finance Bill as introduced in the Parliament. It has been inserted by way of an amendment to the Finance Bill at the time of passing the Bill. There was no discussion about the said amendment in the Parliament. Therefore, a question will arise whether the new Rule 11UAE notified on 24.05.2021 will apply to slump sale transactions entered into in the Financial Year 2020-21. The Finance Ministry has to clarify the position.

TDS applicable on Slump Sale?

Similarly a question may also arise whether the newly introduced provisions of TDS on purchase of goods under section 194Q and TCS on sale of Goods under section 206C(1H) will be applicable on 'slump sale' transactions? Since, the term 'Goods' is not defined under the Income tax Act, following the meaning of the term 'Goods' under the Sale of Goods Act, 1930, the term 'Goods' means all movable items. If this definition is applied then the provisions of section 194Q and section 206C(1H) will apply to all movable assets only. Accordingly, no TDS under section 194Q and no TCS under section 206C(1H) will be required to be deducted on purchase and sale of an immovable property included in the Slump Sale. However, TDS provisions under section 194IA will apply in respect of the value of such Immovable Property. This aspect requires clarification from the CBDT.

Notification can be accessed at:

https://www.incometaxindia.gov.in/communications/notification/notification_68_2021.pdf

7. Guidelines under Section 194Q (CBDT Cir. No. 13 of 2021 Dated 30.06.2021)

Section 194Q deals with TDS from specified purchases. This section comes into force from 1st July 2021. The important provisions are discussed in our June 2021 issue of the Newsletter. There are some doubts about the interpretation of some of the provisions of the section. CBDT has now notified the Guidelines which will remove difficulties in implementation of Section 194Q. Some of the important issues clarified by CBDT are as under -

1. Provisions of Section 194Q shall not be applicable to Exchange traded securities

- i. transactions in securities and commodities which are traded through recognized stock exchanges such as BSE/NSE/MCX, etc. or cleared and settled by the recognized clearing corporation, including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre
- ii. transactions in electricity, renewable energy certificates and energy saving certificates traded through power exchanges registered in accordance with Regulation 21 of the CERC;

2. Computation of threshold of Rs.50 Lakhs for F.Y. 2021-22

- i. Provisions of section 194Q shall not apply to any Purchase transaction before 01.07.2021.
- ii. Threshold limit of Rs.50 Lakhs is with respect to the previous year and therefore it is clarified that calculation of the threshold limit of Rs.50 Lakhs under section 194Q shall be computed from 01.04.2021. Hence, if a person being buyer has already credited or paid Rs.50 Lakhs or more up to 30.06.2021 to a seller, the TDS under section 194Q shall apply on all credits or payments to such seller on or after 01.07.2021.

3. Adjustment for GST and purchase returns

- i. TDS under section 194Q shall be deducted on the invoice amount excluding GST/VAT charged in the invoice.
- ii. In case of any advance payment made, TDS will be deductible on the whole amount of advance payment as it will not be possible to identify the GST component of the invoice amount which will be prepared later.
- iii. With respect to purchase return it is clarified that when TDS is already deducted under section 194Q before the incidence of purchase return, no adjustment for TDS can be made against such purchase return. Subsequently, this TDS may be adjusted against the next purchase from the same seller. However, no adjustment is required if the purchase return is replaced by the goods by the seller.

4. Non-Resident Purchaser

It is clarified that the provisions of section 194Q shall not apply to a non-resident purchaser of goods who does not have any "permanent establishment" (PE) in India.

For this purpose, "permanent establishment" shall mean a fixed place of business through which the business of the enterprise is wholly or partly carried on.

5. Seller having Exempt Income

It is clarified that the provisions of section 194Q shall not apply on purchase of goods from a person, being a seller, whose whole income is exempt from income tax under the Income tax Act such as income exempt under section 10 or under any other Act passed by the Parliament (e.g. RBI Act, ADB Act etc.).

However, TDS under section 194Q will be applicable in case the seller has only part of the income exempt from tax.

6. Advance Payment

TDS under section 194Q will be applicable on advance payment made to the seller.

7. Applicable to newly formed/incorporated entity ?

It is clarified that the provisions of section 194Q shall not apply in the year of incorporation/formation of the entity.

8. Business Turnover Limit of Rs.10 Crores

It is clarified that for the purposes of section 194Q, a buyer is required to have total sales or gross receipts or turnover from the business carried on by him exceeding Rs.10 Crores during the financial year immediately preceding the financial year in which the purchase of goods is made. It is clarified that the turnover or gross receipts from non-business activity is not to be counted for this purpose.

9. Inter-play amongst section 194O, section 206C (1H) and section 194Q

- i. If tax has been deducted by the e-commerce operator on a transaction under section 194O of the Act including transactions on which tax is not deducted on account of section 194O(2), then such transaction shall not be subjected to TDS under section 194Q.
- ii. If a transaction is both within the purview of section 194O as well as section 194Q then tax is required to be deducted under section 194O and not under section 194Q of the Act.
- iii. If a transaction is both within the purview of section 194Q as well as section 206C (1H) of the Act, the tax is required to be deducted under section 194Q of the Act. Once the buyer has deducted the tax on a transaction, the seller is not required to collect the tax under section 206C(1H) on the same transaction.

However, if for any reason, tax has been collected by the seller under section 206C(1H) of the Act, before the buyer could deduct tax under section 194Q on the same transaction, such transaction would not be subjected to tax deduction under section 194Q again by the buyer.

Circular can be accessed at:

https://www.incometaxindia.gov.in/communications/circular/circular_13_2021.pdf



COMPANY LAW UPDATES

A. Accounting Standards:

MCA has notified Accounting Standards 1 to 5, 7 and 9 to 29 as recommended by the Institute of Chartered Accountants of India which will be applicable from accounting periods commencing on or after the 1st day of April, 2021 to every company, other than companies to which Indian Accounting Standards (Ind AS) are applicable. The notification has also amended the definition of Small and Medium Companies. The important change is that for the purpose of considering a Company as SMC, the limit of Turnover is increased to Rs. 250 Crores from Rs. 50 Crores and that of Borrowings is increased to Rs. 50 Crores from Rs. 10 Crores.

Notification can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjA0NzM=&docCategory=NotificationsAndCirculars&type=download>

B. Independent Directors Databank:

It has been clarified that in case of delay on the part of an individual in applying for inclusion of his name in the databank of independent directors or in case of delay in filing an application for renewal thereof, the institute shall allow such inclusion or renewal, after charging a further fees of one thousand rupees on account of such delay.

Notification can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjAxNDA=&docCategory=NotificationsAndCirculars&type=download>

C. Matters not to be dealt with in a meeting through video conferencing or other audio-visual means:

Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 has been omitted which was earlier prohibiting certain matters to be dealt with in any meeting held through video conferencing or other audio-visual means such as approval of the annual financial statements, approval of the Board's report, approval of the prospectus, consideration of accounts in audit committee meeting and approval of the matter relating to amalgamation, merger, demerger, acquisition and takeover.

Notification can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTkxMzU=&docCategory=NotificationsAndCirculars&type=download>

D. Transfer of shares to Investor Education and Protection Fund:

The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules have been amended by adding a new rule which prescribes the manner of transfer of shares to the Investor Education and Protection Fund. Further the revised rules also amends the format of Form No. IEPF 4 and IEPF 7.

Notification can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MTkxMzQ=&docCategory=NotificationsAndCirculars&type=download>

E. Companies Incorporation Rules:

Companies incorporation rules have been amended to include Shops and Establishment Registration along with incorporation of the Company and accordingly Form No. INC-35 has also been amended. Name of the Form is changed from AGILE-PRO to AGILE-PRO-S.

Notification can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjAxMzc=&docCategory=NotificationsAndCirculars&type=download>

F. Amendments in Ind AS:

The amendments to Ind AS mainly covers (i) extension of COVID 19 related to practical expedient under Ind AS 116 for lease concessions (ii) practical expedient due to the interest rate benchmark reforms for financial instruments and (iii) substituting the definition of certain terms used in the standard and aligning the bare text of Standards with Conceptual Framework of Financial reporting under Ind Ass.

Notification can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjAxMzk=&docCategory=NotificationsAndCirculars&type=download>

G. Extension of time for holding EGM through video conferencing:

The relaxation provided with respect to conducting EGMs through video conferencing or other audio-visual modes or transacting items through postal ballot has been extended up to December 31, 2021.

Circular can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjA1NTg=&docCategory=NotificationsAndCirculars&type=download>

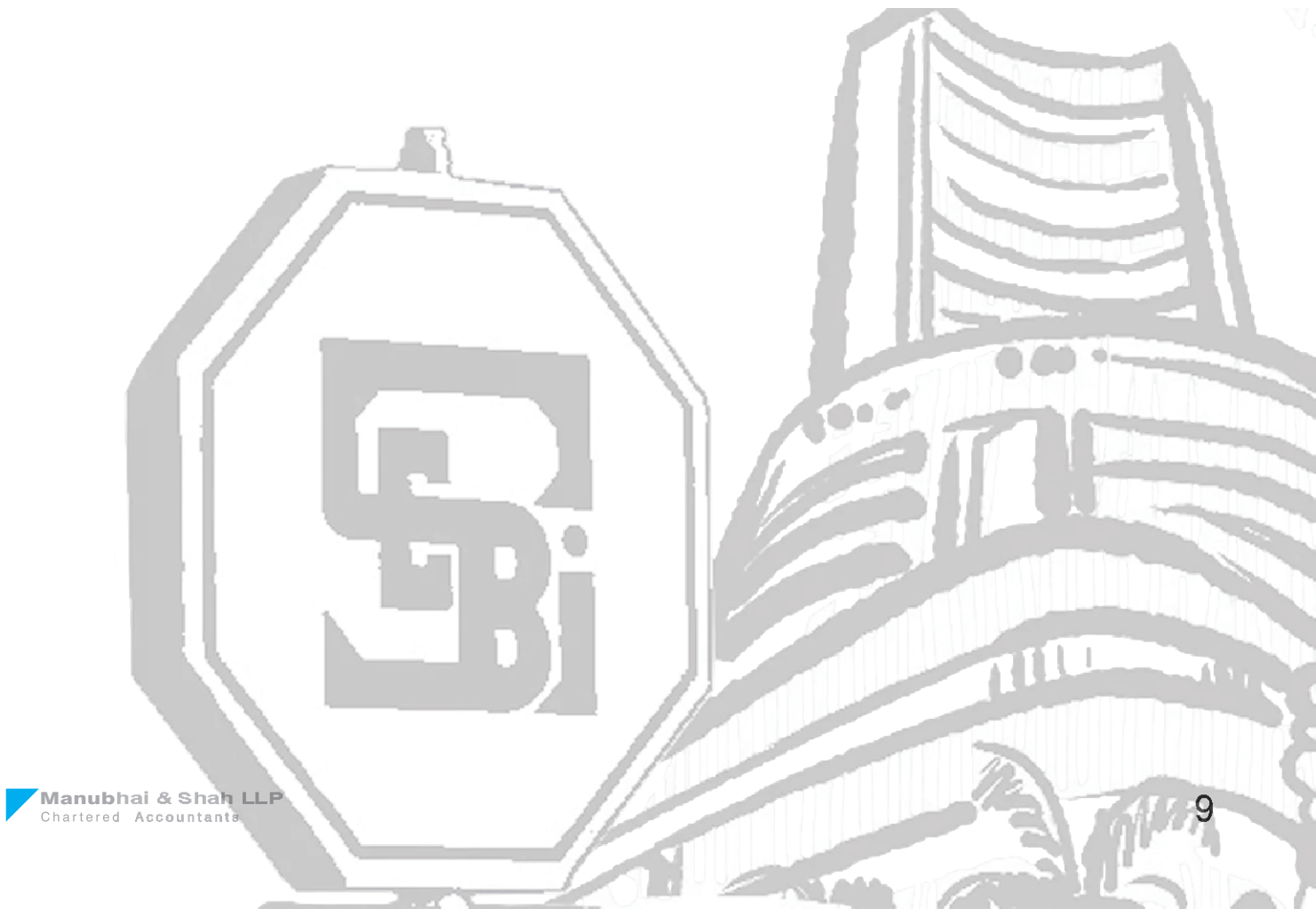


Relaxation from the requirement of minimum vesting period:

In view of the COVID-19 pandemic situation, to provide relief to the families of the deceased employees of listed companies, it has been decided that the provisions relating to minimum vesting period of one year shall not apply in case of death (for any reason) of an employee and in such instances all the options, SAR or any other benefit granted to such employee(s) shall vest with his/her legal heir or nominee on the date of death of the employee. This relaxation shall be available to all such employees who have deceased on or after April 01, 2020.

Circular can be accessed at

https://www.sebi.gov.in/legal/circulars/jun-2021/relaxation-from-the-requirement-of-minimum-vesting-period-in-case-of-death-of-employee-s-under-sebi-share-based-employee-benefit-regulations-2014_50545.html





ACCOUNTING UPDATES

A. EAC Opinion:

Expert Advisory Committee (EAC) of ICAI has provided an Opinion on method of accounting to be followed by an Institute, an autonomous body set up in 1984 by the Reserve Bank of India (RBI).

The relevant text of the Opinion is reproduced below:

“the Committee is of the view that accrual basis of accounting should be continued to be followed by the Institute. Further with regard to method of accounting, the Committee is of the view that the Institute in the extant case should analyse the nature of each assignment/ project considering the terms and conditions of the contract/MoU, especially with reference to the number of acts required to complete the assignment/contract, various stages of performance involved in its execution / completion, the incidence of costs relating to various acts, etc. to determine the appropriate method of recognition of revenue.

Committee notes that as per the requirements of AS 9, where the performance consists of execution of single act or when the services are performed in more than a single act but the services yet to be performed are so significant that without their execution the performance cannot be deemed to have been completed, then revenue is recognised when the final act is complete and service becomes chargeable. However, where the contract involves execution of more than one act, revenue should be recognised proportionately by reference to the performance of each act or degree of completion of service under the contract. Under this method, revenue is recognised in the Statement of Profit and Loss on the basis of stage of completion/work performed irrespective of the fact whether or not payment has been received or settled (provided other conditions of revenue recognition are also being fulfilled). Similarly, costs are also recognised in the Statement of Profit and Loss for the period in which the work to which they relate are performed.”

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/64902cajournal-june2021-9.pdf>



ARTICLE

Article - Note on taxability of income in hands of non-resident being unit holder in AIF (Category I or II)

1. Taxability in respect of income received from AIF other than in nature of income from business or profession:

In view of section 115UB(1) r.w.s. 10(23FBB), any income received by non-resident unit holder, other than income of AIF in nature of profit and gain from business or profession, shall be taxable in the hands of unit holder as if the income is directly earned by them. Accordingly, AIF will not be liable to pay tax on such income which is passed on to unit holders (Section 10(23FBA)).

However, in view of clarification by CBDT vide Circular no. 14/2019 dated 3rd July, 2019, any income arisen or accruing to non-resident unit holder from off-shore investment of AIF will not be taxable in the hands of such non-resident unit holder. This is in view of section 115UB(1) wherein it is mentioned that the tax on income in hands of unit holders shall be chargeable in same manner as if the investment is made by such unit holder. Thus, in case of off-shore investment by AIFs, the non-resident unit holder will be deemed to have directly made investment outside India and the income earned from such non-resident unit holder from investment made outside India is not taxable in India.

2. Taxability in respect of income received from AIF in nature of income from business or profession:

In view of section 115UB(1) r.w.s. 10(23FBA) & 10(23FBB), income of AIF being in nature of profit and gain from business or profession shall be taxable in the hands of AIF. Accordingly, any portion of such income received by unit holder will be exempt in his hands.

3. Deduction of tax (TDS) on distribution of income (referred in point (1) above) by AIF to unit holder:

In view of section 194LBB, at the time of credit or payment of income (referred in point (1) above) by AIF to unit holder, tax shall be deducted by such AIF at following rates as applicable for AY 2022-23 (FY 2021-22) in case of non-resident unit holder (not being a foreign company):

Nature of Income	Rate
Long term capital gain u/s. 112A	10 %
Long term capital gain referred in section 115E or 112(1)(c)	10 %
Other long term capital gain	20 %
Short term capital gain u/s. 111A	15 %
Dividend income	20 %
Income on investments	20 %
Other income	30 %

4. No requirement to file return of income and obtain PAN in India by such non-resident unit holder:

As per notification no. S.O. 2672(E) dated 26th July, 2019, in case above referred AIF (i.e. Category I or Category II and located in IFSC) have deducted tax u/s. 194LBB on any credit or payment of income to such non-resident unit holder, then such unit holder is not required to file return of income in India. Further section 139A read with rule 114AAB, exempts such non-resident unit holder to obtain PAN in India.

Note on taxability of income in hands of AIF (Category I or II) being trust located in IFSC

1. Taxability in respect of income other than in nature of income from business or profession:

In view of section 115UB r.w.s. 10(23FBA), any income in nature other than profit and gain from business or profession arisen or accrue to AIF will be taxable in the hands of unit holder. Thus, the said income will be exempt in the hands of said AIF.

2. Taxability in respect of income in nature of income from business or profession:

The income in nature of profit and gain from business or profession is taxable in the hands of AIF as per applicable rate. Further, on distribution of portion of said income, the same is exempt in hands of unit holders.

3. Tax exemptions to unit located in IFSC:

As per section 80LA(1A), a unit located in IFSC shall be eligible to deduction of 100% of income for 10 consecutive years out of 15 years from beginning of the previous year in which requisite permission is obtained by such AIF.

4. Applicability of Alternate Minimum Tax (AMT) as per section 115JC:

Any person (other than company) shall be liable to pay tax as per normal provisions of the act or as per section 115JC, whichever is higher. The rate of AMT for unit located in IFSC is 9 % of adjusted total income. As per section 115JC, adjusted total income shall be computed as per provisions of Income Tax Act, 1961 without giving effect to certain deduction e.g. section 80LA(1A). However, the rate of AMT of 9% will be eligible only if such AIF derives income solely in convertible foreign exchange. Thus, if such AIF does not derive income solely in convertible foreign exchange, then rate of AMT applicable is 18.50%.

Therefore, even though above AIF (located in IFSC) is eligible to claim deduction for 100% of income for 10 consecutive years as per section 80LA(1A) but it will be liable to pay AMT at 9% or 18.50%, as applicable, on total income without claiming such deduction in each year.

Further, the AIF will be eligible to claim of set-off of credit AMT for 15 years from the year in which tax as per AMT is paid.



DUE DATES

Due dates of various compliances falling in the month of July 2021

S.No	Due Date	Act	Compliance
1	07-07-2021	GujRera	In case of projects whose dynamic quarter completes in April- 2021, May-2021 and June-2021
2	07-07-2021	Income Tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of June-2021
3	10-07-2021	GST	GSTR-7/GSTR-8 for the month of June-2021 for persons required to deduct TDS
4	10-07-2021	GST	GSTR-8 for the month of June -2021 for e-commerce operator required to Collect TCS
5	11-07-2021	GST	GSTR-1 for the month of June-2021 for taxpayers opted to file Monthly Return
6	13-07-2021	GST	Filing of GSTR-1 for the quarter ended June-2021 for taxpayers who opted for Quarterly Return Monthly payment(QRMP) Option
7	13-07-2021	GST	GSTR-6 for the month of June-2021 for Input Service Distributor
8	15-07-2021	Income Tax	Filing of TDS returns for the quarter ended on March 31,2021 (for financial year 2020-21)
9	15-07-2021	Income Tax	Filing of TCS returns for the quarter ended on June 30,2021
10	15-07-2021	PF/ESIC	Payment of PF / ESIC for the month of June-2021
11	15-07-2021	FEMA	Filing of Annual Return on Foreign Liabilities and Assets by person having foreign assets/liabilities as at March 31, 2021
12	18-07-2021	GST	CMP-08 for the quarter ended on June 30,2021 by Composite Dealer
13	20-07-2021	GST	Payment of GST & Filing of GSTR-3B for the month of June-2021, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
14	20-07-2021	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of June-2021
15	22-07-2021 24-07-2021	GST	Payment of GST & Filing of GSTR-3B for taxpayers having turnover upto Rs.5 Crore in preceding Financial year for the quarter ended on June 30, 2021 who opted for Quarterly Return Monthly payment(QRMP) Option depending on place of business(State)
16	31-07-2021	GST	Filing of Annual Return in Form GSTR-4 by the dealer who opted for Composition Scheme for F.Y. 2020-21
17	31-07-2021	Income Tax	Filing of TDS returns for the quarter ended on June 30 ,2021
18	31-07-2021	Income Tax	Filing of Equalisation Levy Statement in Form-1 for F.Y. 2020-21 for person providing specified services or e-commerce services
19	30-07-2021	Income Tax	Furnishing of Challan-cum-Return for Tax Deducted (TDS) u/s 194IA, 194IB and 194M during the month of June-2021



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13th Floor, A Block,
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