

Manubhai & Shah LLP

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

1. Relaxation in Electronic filing of income tax Forms 15CA/15CB till 15.08.2021

Press Release dated 20.07.2021 -

(https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/949/PressRelease_CBDT_grants_further_relaxation_in_electronic_filing_of_IT_Forms_15CA_15CB_20_7_21.pdf)

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 further extended the date of submitting the said Forms in manual format to the authorized dealers till 15.08.2021 from 30.06.2021 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.

2. Reconstitution / Dissolution of Firm / LLP etc.

- CBDT Circular No. 14 of 2021 dated 02.07.2021-
https://www.incometaxindia.gov.in/communications/circular/circular_14_2021.pdf

A Guidelines have been notified in the context of taxation on Reconstitution /Dissolution of Partnership Firm/LLP/AOP, etc. under section 9B and section 45(4).

- CBDT Notification No. 76 dated 02.07.2021-
https://www.incometaxindia.gov.in/communications/notification/notification_76_2021.pdf

Amendment of Rule 8AA and new Rule 8AB on attribution of Capital Gain u/s. 48(iii) on Reconstitution/ Dissolution



DIRECT TAX ARTICLE

HIGHER RATES OF T.D.S/T.C.S. FOR PERSONS NOT FILING INCOME TAX RETURNS

The provisions for deduction of tax at source (TDS) on specified nature of payment at specified rates and to collect tax at source (TCS) on specified nature of receipts at specified rates are contained in Chapters XVIIIB and XVIIIBB of the Income tax Act. Sections 206AA and 206CC provide for deduction at the higher rate of TDS at 20% from the payee and collection of tax at 5% from the payer when the payee/payer does provide details of his PAN. The Finance Act, 2021, has introduced two new sections 206AB and 260CCA effective from 1st July, 2021, putting responsibility of deduction of TDS on the tax deductor and collection of TCS on the tax collector at higher rates if the person to whom payment is made (payee) or the person from whom payment is received (payer) has not filed his income tax returns for the two preceding years.

The intention behind the above new provisions is explained in the Memorandum explaining the provisions in the Finance Bill 2021. In this article the important provisions of the above new sections are discussed.

New Section 206AB- Higher rate of TDS

When a 'specified person' has provided his PAN but has not filed his income tax returns for the two preceding assessment years then the rate of TDS will be higher of the following-

- i. Twice the rate specified under the relevant sections of the Act; or
- ii. Twice the rate in force; or
- iii. At the rate of 5%

In case of a payee who has not provided his PAN nor evidence of filing of his income tax returns then the rate of TDS will be @20% as provided under section 206AA.

Exceptions to Section 206AB

Provisions of section 206AB will not be applicable to TDS under sections 192 (Salary), 192A (Payment of PF), 194B (Winning from Lottery), 194BB (Winning from horse race), 194LBC (Income from Securitization Trust) or 194N (Payment in cash by a Bank) of the Act. So any payments under these sections are excluded from applicability of section 206AB even though the payee has not filed his income tax returns.

New Section 206CCA- Higher rate of TCS

When a 'specified person' has provided his PAN but has not filed his income tax returns for the preceding two assessment years then the rate of TCS will be higher of the following-

- i. Twice the rate specified under the relevant sections of the Act; or
- ii. At the rate of 5%

In case of a payer who has not provided his PAN nor filed his income tax returns then the rate of TCS will be at the rate as provided under section 206CC, i.e. higher of the applicable rate of TCS as provided under section 206CC or 5%.

Compliance Check for sections 206AB and 206CCA

For the convenience of deductor and collector of tax, CBDT vide Circular No. 11 of 2021, dated 21.06.2021, has clarified the steps taken to ease the compliance burden of tax deductor/collector by launch of new functionality "Compliance Check for sections 206AB and 206CCA" through reporting portal of the Income tax Department.

In para 3 of the Circular it is stated that a list of Specified Persons is prepared as on the start of the Financial Year 2021-22, taking previous years 2018-19 and 2019-20 as the two relevant previous years. This list contains names of taxpayers who did not file return of income for both assessment years 2019-20 and 2020-21 and have aggregate TDS and TCS is Rs.50,000 or more in each of these two previous years. In para 4 it is stated that the tax deductor or collector may check the PAN in the functionality at the beginning of the Financial Year and determine the names of the Specified Persons. Thereafter the tax deductor or collector need not revise the list as no new names will be added by the Department during the Financial Year. This will be a good evidence for finding out the names of the persons to whom the above sections apply. It is also possible to obtain a Declaration from the payee or the payer as to whether he has filed the Income-tax Returns for the earlier two years and if so on what dates. The evidence of filing these returns can also be called for.

Specified Person

Specified Person is defined as one –

- i. Who has not filed the income tax returns for the immediately preceding two assessment years prior to the year in which the tax is required to be deducted or collected under the sections as mentioned above. The immediately preceding two assessment years shall be those for which due date for filing return of income as specified u/s. 139(1) has expired; and
- ii. The total amount of TDS and TCS applicable in his case is Rs.50,000 or more in each of the immediately preceding two assessment years.

NRI who does not have any PE in India is excluded from the definition of 'Specified Person'. Therefore, the above provisions for higher TDS or TCS will not apply in the case of such NRI.

ARTICLE- TAXATION ON RECONSTITUTION / DISSOLUTION OF PARTNERSHIP

1. Provisions for charging Capital Gains tax on Dissolution of a Partnership Firm / LLP / AOP, etc. (Specified entity) are contained in the existing section 45(4). In the Memorandum explaining the provisions in Finance Bill, 2021, it is stated that there is uncertainty regarding applicability of the provisions of section 45(4) to a situation where assets are revalued or self-generated assets are recorded in the books of accounts and payment is made to a partner or a member which is in excess of his Capital Contribution. To cover such cases the Finance Act, 2021 has inserted a new section 9B to cover cases of dissolution as well as reconstitution of specified entities and the amendments are made in section 45(4) which will cover cases of reconstitution. These amendments and new section 9B are effective from A.Y. 2021-22 and therefore to this extent they will be retroactive in nature.

2. The new section 9B provides for taxation in the hands of 'specified entity' (Partnership Firm/LLP/AOP, etc.) on its "Dissolution or Reconstitution". The new provisions will cover transfer of money, capital assets as well as stock in trade on dissolution and reconstitution. At the same time, section 45(4) has been amended to provide for levy of capital gain tax in the hands of such 'specified entity' on its "Reconstitution".

Since these amendments will have far reaching implications in cases of firms, LLP, AOP, BOI, etc., some of the important changes are discussed in this Article.

3. Taxation on Dissolution or Reconstitution under new Section 9B

New section 9B provides that where a specified person receives any money, capital asset or stock- in -trade from a specified entity in connection with the dissolution or reconstitution of such specified entity, **then such specified entity will be deemed to have transferred such asset** to the specified person. Any profit or gain arising on such deemed transfer will be taxable in the hands of the specified entity (i.e. Firm, LLP, AOP, BOI etc.) The surplus due to the deemed transfer of such assets will be treated as capital gain and surplus due to the deemed transfer of stock- in-trade will be treated as income from Business or Profession. For this purpose, if the deemed transfer of the capital asset or stock -in -trade is at book value, the same will have to be substituted by the fair market value. CBDT is given power to issue guidelines to remove difficulties in implementing these provisions.

It may be noted that the term "Reconstitution of the specified entity" is defined to mean:

- i. One or more of the partner/member ceasing to be partner/member of the entity (i.e. Retirement),
- ii. One or more partner/member joining the entity (i.e. admission) or
- iii. All the partners/members of the specified entity continue with change in the share of all or some of them.

4. Capital Gain on Reconstitution under new Section 45(4)

New Sub-section (4) of section 45 provides that if the specified person receives during the year any money or capital asset or both from the specified entity in connection with the reconstitution of the specified entity, then any profit or gain arising from such receipt shall be chargeable to tax in the hands of the specified entity (i.e. Firm, LLP, BOI, AOP, etc.). This income will be chargeable to tax under the head "Capital Gains". The capital gain under this section will be computed by finding out the aggregate of:

- i Value of the money received by the specified person

Add: ii The fair market value of the Capital Asset received by the specified person

Less: iii The amount of the balance in the capital account of the specified person in the books of the specified entity.

If the balance in such capital account includes any amount credited on revaluation of any capital asset or due to the self generated Goodwill or other self generated asset, the same will have to be deducted from the balance in the capital account. If the aggregate of the above items is in the negative, the same will be considered as "NIL".

It is also clarified that when a Capital Asset is received by a specified person in connection with the reconstitution of a specified entity, **the provisions of section 45(4) shall apply in addition to the provisions of section 9B**. Taxation under both the sections will be worked out independently. It may be noted that section 48 dealing with the mode of computation of capital gains has also been amended to provide that when any money or Capital Asset is received by a specified person the capital gain in the hands of the specified entity shall be computed as provided in the rules to be prescribed.

5. It may be noted that CBDT has issued Guidelines under Sections 9B and 45(4) vide Circular No.14 of 2021 on 2nd July, 2021. In this Guidelines it is stated that **the amount taxed under Section 45(4) is required to be attributed to the remaining Capital Assets** of the specified entity. This is for the reason that when such Capital Assets are transferred in future, the amount attributable to such Capital Assets gets reduced from the consideration and to this extent the specified entity does not pay tax again on the same amount. This is in accordance with the requirement of Section 48 as amended by the Finance Act 2021. CBDT has also amended Rule 8AA dealing with method of determination of the period of holding the Capital Assets by insertion of sub-rule (5) in Rule 8AA vide Notification No. 76 dated 2nd July 2021. By this Notification a new Rule 8AB is also inserted.

5.1. Amendment to Rule 8AA-

In Rule 8AA, a new sub-rule (5) has been inserted which provides that Capital Gain under section 45(4) in the hands of Specified Entity shall be:

- (i) deemed to be from transfer of short term capital asset if it is attributed to
 - a short term capital asset at the time of taxation of amount under section 45(4); or
 - capital asset forming part of block of asset ; or
 - if the capital asset is a self-generated asset and self-generated goodwill
- (ii) the amount or a part of it shall be deemed to be from transfer of long term capital asset or assets, if it is attributed to capital asset which is not covered by clause (i) and is long term capital asset at the time of taxation of amount under section 45(4).

The Circular also explains how the period of holding of the Capital Asset is to be computed to ascertain whether the Capital Gain is short-term or long-term Capital Gain.

5.2. New Rule- 8AB for Attribution of income to the Remaining Capital Assets under section 48(iii)

This new Rule 8AB deals with attribution of income taxable under Section 45(4) to the Capital Assets remaining with the specified entity as provided in Section 48. The working of the above attribution is explained in Circular No.14 dated 2nd July 2021. The Circular also gives 3 examples to explain what book entries should be passed by the specified entity and how Capital Gain should be computed when the remaining Capital Assets are sold.

For the attribution of capital gain charged under sec 45(4) in the hands of Specified Entity can be claimed as deemed cost under section 48(iii) at the time of transfer of the remaining capital assets. For attribution of this capital gain as cost to the remaining capital asset of the Specified Entity, a new Rule 8AB has been introduced, which provides that –

(i) Capital Gain charged under section 45(4) relates to revaluation of any capital asset

The amount attributable to the capital asset remaining with the specified entity as cost under section 48(iii) shall be the amount which bears to the amount charged under section 45(4) on account of revaluation the same proportion as the increase in, the value of that asset because of revaluation or valuation bears to the aggregate of increase in, or recognition of, value of all assets because of the revaluation or valuation. i.e.:

$$\text{Attribution of Amount} = \frac{\text{capital gain under section 45(4) Increase in value of a} \\ \text{under section 48(iii) on account of revaluation} \times \text{Capital Asset on Revaluation}}{\text{Total Increase in value on Revaluation of All Capital Assets}}$$

(ii) Where **Capital Gain** charged under section 45(4) **does not relate to revaluation** of any capital asset, then the same **shall not be attributed** to any capital asset as cost under section 48(iii).

(iii) Where **Capital Gain** charged under section 45(4) **relates only to the capital asset** received **by the specified person** from the specified entity, then the said capital gain **shall not be attributed** to any capital asset for the purposes of section 48(iii).

So, '**attribution**' of capital gain for the purpose of section 48(iii) to **the remaining assets is required only in the case of revaluation or valuation** of capital asset.

5.3. The Specified Entity should provide details of the amount attributable to remaining capital assets in Form No. 5C. The said Form shall be e-filed on or before the due date of filing of income tax return as referred to in the Explanation 2 to section 139(1) for the assessment year in which the amount is chargeable to tax under section 45(4).

5.4. It is also provided in Explanation 1 to the Rule 8AB that any revaluation or valuation of an asset should be based on a valuation report obtained from a registered valuer as defined in Rule 11U(g).

TO SUM UP:

These amendments relating to taxation of capital gain or business profit on 'Dissolution' or 'Reconstitution' of Firm/LLP etc. has far reaching implications on restructuring of the Specified Entities. The Specified Entity has to pay tax on capital gain or business profit in the year of reconstitution under section 9B or under section 45(4) as applicable. However, a relief has been granted to treat the said capital gain as cost of the remaining assets under section 48(iii) to avoid any double taxation. But, this relief will be available in the year of sale of the remaining capital assets only.

5.5. No Depreciation on Revalued Capital Asset or Valuation of Self-generated Asset

It is clarified in Explanation 2 to the Rule 8AB, that revaluation or valuation of an asset does not entitle the specified entity for the depreciation on the increase in value of that asset on account of its revaluation or recognition of the value of self-generated asset or self-generated goodwill due to its valuation.



COMPANY LAW UPDATES

A. Allotment of a new name to the existing company:

It has been clarified that in case a company fails to change its name or new name, as the case may be, in accordance with the direction issued, within a period of three months from the date of issue of such direction, the letters “ORDNC” (which is an abbreviation of the words “Order of Regional Director Not Complied”), the year of passing of the direction, the serial number and the existing Corporate Identity Number (CIN) of the company shall become the new name of the company without any further act or deed by the company except where e-form INC-24 is filed by the company and is pending for disposal at the expiry of three months from the date of issue of direction.

Notification can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjgxNzA=&docCategory=Notifications&type=open>

B. CSR spending on covid vaccination:

It has been clarified that spending of CSR funds for Covid-19 vaccination for persons other than the employees and their families, is an eligible CSR activity under the category of promotion of health care.

Circular can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MzEwMTU=&docCategory=Circulars&type=open>

C. Relaxation in filing of Form for Companies and LLPs:

It has been decided to grant additional time upto August 31, 2021 to companies / LLPs to file forms (other than forms related to charge creation / modification / satisfaction) under Companies Act and LLP Act which were/are due for filing during April 1, 2021 to July 31, 2021 without any additional fees.

Circular can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjE2OTA=&docCategory=NotificationsAndCirculars&type=download>

List of forms eligible for the above extension can be accessed as follows:

<https://mca.gov.in/bin/dms/getdocument?mds=xlk8LHJKnBG4BVxIUaSFQ%253D%253D&type=open>

In relation to e-Forms related to charge creation and modification, MCA has clarified that:

- a where the date of creation or modification of charge was before April 1, 2021 but due date of filing e-Form was not expired on the said date, in such case the period from April 1, 2021 till July 31, 2021 shall not be counted for the purposes of determining due date of filing e-Form.
- b where the date of creation or modification of charge falls in the period from April 1, 2021 till July 31, 2021, in such case the period from the date of creation or modification till July 31, 2021 shall not be considered for the purpose of determining due date of filing e-Form.

Circular can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MjE2ODk=&docCategory=NotificationsAndCirculars&type=download>



SEBI UPDATES

Issuance of Master Circulars:

SEBI from time to time has been issuing various circulars / directions to Stock Exchanges and Clearing Corporations. In order to enable the users to have an access to all the applicable circulars / directions at one place, Master Circular for Stock Exchanges and Clearing Corporations has been prepared.

In case of any inconsistency between the Master Circular and the applicable circulars, the content of the relevant circular shall prevail.

Master Circular can be accessed at:

https://www.sebi.gov.in/legal/master-circulars/jul-2021/master-circular-for-stock-exchanges-and-clearing-corporations_50914.html

SEBI has been issuing various circulars / directions from time to time for commodity derivatives market. In order to ensure availability of comprehensive information mentioned in the circulars at one place, SEBI has been releasing Master Circular by compiling all the circulars issued by the department till the date of Master circular.

In case of any inconsistency between the Master Circular and the applicable circulars, the content of the relevant circular shall prevail.

Master Circular can be accessed at:

https://www.sebi.gov.in/legal/master-circulars/jul-2021/master-circular-for-commodity-derivatives-market_50869.html

Holding of Annual General Meeting (AGM) by top 100 listed entities by market capitalization:

SEBI (LODR) Regulations 2015 requires top 100 listed entities by market capitalization to hold their AGM within a period of five months from the date of closing of the financial year. Considering this pandemic situation, the said limit is extended to six months from the end of financial 2020-21.

Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/jul-2021/extension-of-time-for-holding-the-annual-general-meeting-agm-by-top-100-listed-entities-by-market-capitalization_51318.html

Relaxation in timelines for compliance with regulatory requirements:

In view of the prevailing situation due to Covid-19 pandemic, it has been decided to extend the timelines for compliance with the following regulatory requirements by the Trading Members / Clearing Members / KYC Registration Agencies, as under:

No.	Submission/Compliance	Current timeline / Period of exclusion	Extended timeline / Period of exclusion
1	KYC application form and supporting documents of the clients to be uploaded on system of KRA within 10 working days.	Till July 31, 2021, documents may be uploaded on to the system of KRA within 15 working days.	Till September 30, 2021, documents may be uploaded on to the system of KRA within 15 working days.
2	Submission of Internal Audit Report for Half year ended (HYE) March-2021	Till July 31, 2021	Till September 30, 2021
3	System Audit / Cyber Audit Report – Algo / Type III Members for the period ended March 31, 2021	Till July 31, 2021	Till September 30, 2021
4	Submission of System Audit Report for the period ended March 2021	Till July 31, 2021	Till September 30, 2021
5	Submission of Cyber Security & Cyber Resilience Audit Report for the period ended March 2021	Till July 31, 2021	Till September 30, 2021
6	Reporting of Risk Based Supervision	Till July 31, 2021	Till September 30, 2021
7	Maintaining call recordings of orders / instructions received from clients	Till July 31, 2021	Till September 30, 2021
8	To operate the trading terminals from designated alternate locations	Till July 31, 2021	Till December 31, 2021

Circular can be accessed at:

https://www.sebi.gov.in/legal/circulars/jul-2021/relaxation-in-timelines-for-compliance-with-regulatory-requirements_51497.html





ACCOUNTING UPDATES

A. EAC Opinion:

Expert Advisory Committee (EAC) of ICAI has provided an Opinion on Accounting Treatment of Expenditure Incurred for Configuration Design Study of Integrated Refinery Cum Petrochemical Project.

The relevant text of the Opinion is reproduced below:

“Committee is of the view that the configuration study does not appear to have been undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Further, the Committee notes that development under Ind AS 38 is an application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services. However, the configuration study in the extant case does not entail an application of research findings or other knowledge, as per the facts provided by the querist. Therefore, the cost of such configuration study should neither be treated as research nor as development cost under Ind AS 38.

The Committee is of the view that in case of self-constructed assets, directly attributable costs are generally such costs which are necessary to enable the construction activity, i.e. these costs are directly related to the construction activity and without the incurrence of which the asset cannot be brought to the location and condition necessary for it to be capable of operating in the manner intended by management. Accordingly, the Committee is of the view that in the extant case, the costs of the configuration design study which as per the querist, is required for setting up the refinery cum petrochemical project, can be capitalised as a part of cost of property, plant and equipment (refinery cum petrochemical plant) only if such study is directly attributable to bringing the plant to the location and condition necessary for it to be capable of operating in the manner intended by the management.”

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/65323cajournal-july2021-28.pdf>



RBI UPDATES

A. Amendments to Master Circular on Loans and Advances – Statutory and Other Restrictions dated 1st July 2015 (“master circular”) which was applicable to all scheduled commercial banks (excl. RRB’s) dated 23rd July, 2021.

Link for circular dated 23rd July, 2021 <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12132&Mode=0>

1. The threshold of personal loans granted to any director of other Banks has been revised from Rs. 25 lakh to Rs. 5 crore w.e.f. 23rd July, 2021. (Refer para 2.2.1.2 of aforesaid master circular)
2. The threshold for granting loans and advances after obtaining sanction of board of directors / management committee to persons specified under para 2.2.1.4 of master circular has been revised from Rs. 25 lakh to Rs. 5 crore w.e.f. 23rd July, 2021.
3. Paragraph 2.2.1.5 has been revised stating “the proposals for credit facilities of an amount less than Rs. 25 lakh or Rs. 5 crore (as the case may be) to these borrowers may be sanctioned by the appropriate authority in the financing bank under powers vested in such authority, but the matter should be reported to the board. Definition of personal loan, major shareholder and control is specified by inserting explanation after the said revision.

B. New definition of MSME -Addition of wholesale and retail trade.

Link for circular dated 7th July, 2021 <https://rbi.org.in/Scripts/NotificationUser.aspx?Id=12126&Mode=0>

In connection with circular issued by Ministry of Micro, Small and Medium enterprises in July 2021, which decided to include retail and wholesale trade as MSME’s for the limited purpose of priority sector lending are now allowed through this circular to migrate to Udyam Registration Portal for businesses under NIC codes (45 to 47 which includes trade and repair of motor vehicles and motorcycles, wholesale trade except of motor vehicles and motor cycles and Retail trade except of motor cycles and motor vehicles).



ARTICLE

- VARIOUS POLICIES FOR THE BENEFITS OF STARTUPS

ELIGIBILITY CRITERIA FOR STARTUP RECOGNITION:

- The Start-up should be incorporated as a private limited company or registered as a partnership firm or a limited liability partnership.
- Turnover should be less than INR 100 Crores in any of the previous financial years
- An entity shall be considered as a start-up up to 10 years from the date of its incorporation
- The Start-up should be working towards innovation/ improvement of existing products, services and processes and should have the potential to generate employment/ create wealth.
- An entity formed by splitting up or reconstruction of an existing business shall not be considered a “Start-up”

BENEFITS TO THE DPIIT RECOGNISED STARTUPS UNDER THE STARTUP INDIA INITIATIVE

1. Self- Certification

- Various compliances have been simplified for start-ups to save time and money. Start-ups shall be allowed to self-certify compliance with 9 labour and 3 environment laws
- For labour laws, no inspections will be conducted for 5 years. Inspection may be done only on receipt of credible and verifiable complaint of violation, filed in writing and approved by at least one level senior to the inspecting officer.
- For environment laws, Start-Ups which fall under the ‘white category’ (i.e having Pollution Index score upto 20) would be able to self-certify compliance and only random checks would be carried out in such cases.

2. Cost Reduction – Patent filing

- The Central government will bear the entire facilitator fees and the start-up will bear the cost of only statutory fees payables.
- Start-ups shall be provided an 80% rebate in filing of patents and 50% rebate in filing of trademarks
- Patent applications shall be fast-tracked for examination so that their value can be realised sooner.

3. Tax exemption – 80IAC and 56(2)(viib)

1. Tax exemption under section 80 IAC

- A DPIIT recognised start up (Private limited Companies or LLP) incorporated after 1st April 2016, can avail tax holiday/exemption for 3 consecutive financial years out of its first 10 years since incorporation.

2. Tax exemption under section 56(2)(viib) of the Income Tax Act (Angel Tax).

4. Easy winding up

- As per Insolvency and Bankruptcy code, 2016, start-ups with simple debt structure, or those meeting certain income specified criteria can be wound up within 90 days of filing an application for insolvency.
- An insolvency professional shall be appointed for the Start-up, who shall be in charge of the company.
- The liquidator shall be responsible for the swift closure of the business, sale of assets and repayment of creditors in accordance with the distribution waterfall set out in the IBC.

5. Easy Public Procurement Norms

- Exemption from the criteria of prior experience/Turnover in the manufacturing sector applicable for normal companies answering to government tenders.
- Exemption from submitting Earnest Money Deposit (EMD) or bid security while filling government tenders.
- Start-ups can list your product on Government e-Marketplace. Government e Marketplace (GeM) is an online procurement platform and the largest marketplace for Government Departments to procure products and services.

6. Easy access to Funds

- A 10,000 crore rupees fund is set-up by government to provide funds to the start-ups as venture capital. The government is also giving guarantee to the lenders to encourage banks and other financial institutions for providing venture capital.

7. Meet other entrepreneurs

- Government has proposed to hold 2 start-up fests annually both nationally and internationally to enable the various stakeholders of a start-up to meet. This will provide huge networking opportunities.

GUJARAT INDUSTRIAL POLICY, 2020 – SCHEME FOR ASSISTANCE FOR STARTUPS/INNOVATION

1. Product Development (Capital Assistance) & Marketing

- Assistance of Rs. 30 lacs for Seed Support to Start-ups
- Additional assistance up to Rs. 10 lacs for the start-ups generating significant impact on the society

2. Sustenance Allowance

- Sustenance allowance of Rs. 20,000 per month to the start-ups and 25,000 per month to women led start-ups for a period of one year

3. Support for participation in acceleration programs

- Assistance up to Rs. 3 lacs to enrol and participate for national/international recognized acceleration program

4. Skill Development Assistance

- Assistance up to INR 1 lakh per start-up for obtaining training in soft skills on reimbursement basis

5. Equity Support

- For mid-level Pre-Series A funding of start-ups, a separate fund under Gujarat Venture Finance Limited (GVFL) for smaller ticket funding between Rs. 50 lacs to Rs. 3 crore



DUE DATES

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

S.No	Due Date	Act/Authority	Compliance Description
1	07-08-2021	GujRera	In case of projects whose dynamic quarter completes in July-2021
2	07-08-2021	Income Tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of July-2021
3	10-08-2021	GST	GSTR-7/GSTR-8 for the month of July-2021 for persons required to deduct TDS
4	10-08-2021	GST	GSTR-8 for the month of July -2021 for e-commerce operator required to Collect TCS
5	11-08-2021	GST	GSTR-1 for the month of July-2021 for taxpayers opted to file Monthly Return
6	13-08-2021	GST	Filing of Invoice Furnishing Facility (IFF) for July- 2021 for taxpayers who opted for Quarterly Return Monthly Payment (QRMP) option
7	13-08-2021	GST	GSTR-6 for the month of July-2021 for Input Service Distributor
8	15-08-2021	PF/ESIC	Payment of PF / ESIC for the month of July-2021
9	20-08-2021	GST	Payment of GST & Filing of GSTR-3B for the month of July-2021, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
10	20-08-2021	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of July-2021
11	25-08-2021	GST	Payment of GST for the month of July-2021 for Tax payers who opted for QRMP Option
12	30-08-2021	Income Tax	Furnishing of Challan-cum-Return for Tax Deducted (TDS) u/s 194IA, 194IB and 194M during the month of July-2021
13	31-08-2021	Income Tax	Payment of Tax without additional interest under Direct Tax Vivad Se Vishwas Act, 2020
14	31-08-2021	MCA	Extended Due dates for filing of PAS-6, DPT-3 , MSME-1 and other forms required to filed by Company having original due date between 01/04/2021 to 31/07/2021
15	31-08-2021	MCA	Extended Due dates for filing form 3 , Form 11 and other forms required to filed by Limited Liability Partnership having original due date between 01/04/2021 to 31/07/2021

Manubhai & Shah LLP

Chartered Accountants

CORPORATE OFFICE

G-4, Capstone, Opp. Chirag Motors,
Gujarat College Road, Ellisbridge,
Ahmedabad - 380 006, Gujarat, India.
Phone : +91 79 2647 0000
Email : info@msglobal.co.in

MUMBAI OFFICE

3C Maker Bhavan No II,
18, New Marine Lines,
Mumbai - 400 020, Maharashtra, India.
Phone : +91 22 6633 3668/59/60
Fax : +91 22 6633 3561
Email : infomumbai@msglobal.co.in

UNIT NO. 502,

5th Floor, Modi House,
Bajaj Cross Road, Kandivali (West),
Mumbai - 400 067,
Maharashtra, India,

NCR OFFICE

1F-CS-44B (First Floor) Ansal Plaza,
Vaishali, Ghaziabad (U.P.)-201010
Phone : +91 98187 84187

KNOWLEDGE PROCESSING CENTRE

2nd Floor, "D" Wing,
Shivalik Corporate Park,
Behind IOC Petrol Pump,
132ft. Ring Road, Satellite,
Ahmedabad - 380 015, Gujarat, India.

13th Floor, A Block,
Ratnakar Nine Square,
Opp. Keshav Baug party Plot,
Mansi Road, Vastrapur,
Ahmedabad - 380 015, Gujarat, India.

BRANCHES

RAJKOT
BARODA

UDAIPUR
GANDHINAGAR

