

# Manubhai & Shah LLP

Chartered Accountants

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# NEWSLETTER

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Covering Updates for the Month of November' 21  
For private circulation and clients only



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# DIRECT TAX UPDATES

- **Circulars & Notifications**

## 1. Annual Information Statement - roll out of new Annual Information Statement (AIS)

**(Press Release dated 01.11.2021)**

Income Tax Department has rolled out the new Annual Information Statement (AIS) on the Compliance Portal which provides a comprehensive view of information to a taxpayer with a facility to submit online feedback. The new AIS can be accessed by clicking on the link "Annual Information Statement (AIS)" under the "Services" tab on the Income tax e-filing portal (<https://www.incometax.gov.in>).

The new AIS includes additional information relating to interest, dividend, securities transactions, mutual fund transactions, foreign remittance information, rent income etc. Taxpayer will be able to download AIS information in PDF, JSON, CSV formats.

The taxpayer should submit online feedback in case the information as per AIS is incorrect such as it relates to other person/year, duplicate etc. An AIS Utility has also been provided for taxpayers to view AIS and upload feedback in offline manner. The reported value and value after feedback will be shown separately in the AIS.

In case the ITR has already been filed and some information has not been included in the ITR, the return may be revised to reflect the correct information.

In case there is a variation between the TDS/TCS information or the details of tax paid as displayed in Form 26AS on TRACES portal and as displayed in AIS on Compliance Portal, the taxpayer may rely on the information displayed on TRACES portal for the purpose of filing of ITR and for other tax compliance purposes.

## 2. E-Settlement Scheme, 2021

**(CBDT Notification No.4584 dated 01.11.2021)**

The Finance Ministry has notified E-Settlement Scheme, 2021, for settlement of pending applications in respect of which the applicant has not exercised the option under section 245M(1) of the Act and which has been allotted or transferred by Central Board of Direct Taxes to an Interim Board.

## 3. Guidelines on TDS by E-Commerce Operator U/sec 194O(4)/on Sale of Goods U/sec 194Q(3) & on Purchase of Goods U/sec 206C(1H)

**(CBDT Circular No.20 dated 25.11.2021)**

The Finance Act, 2020 inserted two new sections deduction of TDS effective from 01.10.2020-

- An e-commerce operator shall deduct TDS U/sec 194O at the rate of 1% of the gross amount of sale of goods or provision of services or both, facilitated through its digital or electronic facility or platform.
- a seller receiving an amount as consideration for sale of any goods of the value or aggregate of such value exceeding Rs. 50 Lakhs in any previous year shall collect income-tax (TCS) U/sec 206C(1H) from the buyer, a sum equal to 0.1 % of the sale consideration exceeding Rs. 50 Lakhs.



The Finance Act, 2021 inserted a new section 194Q deduction of TDS effective from 01.07.2021 under which any buyer who is responsible for paying any sum to any resident seller for purchase of any goods of the value or aggregate of value exceeding Rs. 50 Lakhs in any previous year then the buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct TDS at 0.1% of such sum exceeding Rs. 50 Lakhs.

For removal of the difficulties faced by the tax deductor/tax collector, the CBDT, with the approval of the Central Government, has notified the following Guidelines under section 194-O(4), section 194Q(3) and section 206C (1H) of the Act.

- **Guidelines**

## **1. E-auction services carried out through electronic portal**

It is clarified that the provisions of section 194-O of the Act shall not apply in relation to under mentioned e-auction activities carried out by e-auctioneers -

- i. The e-auctioneer conducts e-auction services for its clients in its electronic portal and is responsible for the price discovery only which is reported to the client.
- ii. The price so discovered through e-auction process is not necessarily the price at which the transaction takes place and it is up to the discretion of the client to accept the price or to directly negotiate with the counter-party.
- iii. The transaction of purchase/sale takes place directly between the buyer and the seller party outside the electronic portal maintained by the e-auctioneer and price discovery only acts as the starting point for negotiation and conclusion of purchase/sale.
- iv. The e-auctioneer is not responsible for facilitating the purchase and sale of goods for which e-auction was conducted on its electronic portal except to the extent of price discovery.
- v. Payments for the transactions are carried out directly between the buyer and the seller outside the electronic portal and the e-auctioneer does not have any information about the quantum and the schedule of payment which is decided mutually by the client and the counterparty.
- vi. For payment made to e-auctioneer for providing e-auction services, the client deducts tax under the relevant provisions of the Act other than section 194-O of the Act.

## **2 Adjustment of various state levies and taxes other than GST**

In the CBDT Circular no. 13, dated 30.06.2021, it has been clarified in Para 4.3.2 that in case the GST component has been indicated separately in the invoice then the tax is to be deducted under section 194Q of the Act on the amount credited without including such GST. It has been further clarified that in case the tax is deducted on payment basis as the payment is earlier than the credit, the tax is to be deducted on the whole amount as it is not possible to identify that payment with GST component of the amount to be invoiced in future. Further, adjustment of tax deducted in case of purchase return has also been provided.

It is further clarified in this Guidelines that in case of purchase of goods which are not covered within the purview of GST, when tax is deducted at the time of credit of amount in the account of seller and in terms of the agreement or contract between the buyer and the seller, the component of VAT/Sales tax/Excise duty/CST, as the case may be, has been indicated separately in the invoice, then the tax is to be deducted under section 194Q of the Act on the amount credited without including such VAT/Excise duty/Sales tax/CST, as the case may be. However, if the tax is deducted on payment basis, if it is earlier than the credit, the tax is to be deducted on the whole amount as it will not be possible to identify the payment with VAT/Excise duty/Sales tax/CST component to be invoiced in the future. Furthermore, in case of purchase returns, the clarification as provided in Para 4.3.3 of circular no. 13 of 2021 shall also apply to purchase return relating to non GST products liable to VAT/excise duty/sales tax/CST etc.

## **3 Applicability of section 194Q in cases of exemption provided U/sec 206C(1A)**

Provisions of section 194Q does not apply in respect to transactions covered under section 206C except section 206C(1H) to cases. It is clarified that in case of exemption from applicability of provisions of section 206C (1A) of the Act, the provisions of section 194Q of the Act will apply and the buyer shall be liable to deduct tax under the said section if the conditions specified therein are fulfilled.



#### 4 Applicability of the section 194Q in case of department of Government other than PSU

In case of any Department of the Government which is not carrying out any business or commercial activity, the primary requirement for being considered as a 'buyer' as provided U/sec 194Q will not be fulfilled. Accordingly, such an organization will not be considered as 'buyer' for the purposes of section 194Q of the Act and will not be liable to deduct tax on the goods so purchased by them. However, if the said department is carrying on a business/commercial activity, the provision of section 194Q of the Act shall apply subject to the fulfillment of other conditions.

it is hereby clarified that for the purposes of section 194Q Central Government or State Government shall not be considered as 'seller' and no tax is to be deducted by the buyer, in cases where any Department of Central or State Government are seller of goods.

it is further clarified that a Public Sector Undertaking (PSU) or corporation established under Central or State Act or any other such body, authority or entity, shall be required to comply with the provisions of section 194Q and tax shall be deducted accordingly.

- **Exemption from Tax on Compensation received on compulsory acquisition of Land for Bullet Train Project**

Any compensation received from any State Government under section 19(1) W.R.T. sections 27,29 and 30 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCTLARR Act) on acquisition of Land for the Bullet Train Project (Mumbai-Ahmedabad) is exempt from tax under Section 96 of the RFCTLARR Act, 2013.

The C.B.D.T. has also clarified about exemption of such compensation received under RFCTLARR Act, 2013, vide its Circular No.36 of 2016 dated 25.10.2016.

- **Important Circulars & Notifications under Allied Laws :**

**Extension of filing annual Accounts with Charity Commissioner ,Maharashtra (Notification No. 591/2021 dated 26.11.2021)**

Due date for filing of Annual Audited Accounts for the F.Y. 2020-21 by Public Charitable Trust with the office of the Charity Commissioner in Maharashtra has been extended from 30.11.2021 to 31.12.2021.







# COMPANY LAW UPDATES

## A. Amendment in Investor Education and Protection Fund Rules:

Against the existing form IEPF-5, a new form is substituted for Application to the Authority for claiming unpaid amounts and shares out of Investor Education and Protection Fund (IEPF) and various amendments are done in the Schedules of the rules.

Circular can be accessed at:

<https://www.mca.gov.in/bin/dms/getdocument?mds=hN09WrxY89kYWPXEaho1ng%253D%253D&type=open>





SEBI

## SEBI UPDATES

- **Master Circulars:**

For effective regulation of Infrastructure Investment Trusts, Securities and Exchange Board of India (SEBI) has been issuing various circulars from time to time. In order enable the industry and other users to have an access to all the applicable circulars at one place, Master Circular for Infrastructure Investment Trusts has been issued.

Master Circular can be accessed at:

<https://www.sebi.gov.in/legal/master-circulars/nov-2021/master-circular-for-infrastructure-investment-trusts-invits-54302.html>

For effective regulation of Real Estate Investment Trusts, Securities and Exchange Board of India (SEBI) has been issuing various circulars from time to time. In order enable the industry and other users to have an access to all the applicable circulars at one place, Master Circular for Real Estate Investment Trusts has been issued.

Master Circular can be accessed at:

<https://www.sebi.gov.in/legal/master-circulars/nov-2021/master-circular-for-real-estate-investment-trusts-reits-54300.html>

Securities and Exchange Board of India (SEBI), from time to time, has been issuing various circulars / directions which lay down the detailed requirements to be complied by listed entities while undertaking schemes of arrangements. In order to enable the users to have access to the applicable circulars at one place, Master Circular in respect of schemes of arrangement has been issued.

Master Circular can be accessed at:

[https://www.sebi.gov.in/legal/master-circulars/nov-2021/master-circular-on-scheme-of-arrangement\\_54132.html](https://www.sebi.gov.in/legal/master-circulars/nov-2021/master-circular-on-scheme-of-arrangement_54132.html)

In case of any inconsistency between the master circular and the applicable circulars, the contents of the relevant circular shall prevail.





# ACCOUNTING UPDATES

## A. EAC Opinion:

**Expert Advisory Committee (EAC) of ICAI has provided an Opinion on Allocation of manpower cost during project implementation phase.**

The relevant text of the Opinion is reproduced below:

*"The Committee is of the opinion that although some of the activities of Accounts Officer are undertaken in connection with the construction or acquisition of PPE/project, the costs incurred thereon cannot be completely considered to be arising directly from the construction or acquisition of the PPE/Project. The extent to which these costs are directly attributable to PPE/Project is a matter of judgement in the specific facts and circumstances, which should be exercised and demonstrated by the management of the Company. Accordingly, to the extent, such costs are directly attributable to bringing the PPE/Project to the location and condition necessary for it to be capable of operating in the manner intended by management, should be capitalised to the PPE/Project by the Company and the rest should be charged to the Statement of Profit and Loss.*

*Similarly, the activities undertaken by the CFO in the extant case are overall policy making and control and supervision related activities; and are in the nature of administrative and general overheads, which as per paragraph 19 (d) of Ind AS 16, are not costs of an item of property, plant and equipment. However, if in certain exceptional circumstances, where the management can clearly justify and demonstrate that some of the activities performed by the CFO are directly attributable to bringing the PPE/Project to the location and condition necessary for it to be capable of operating in the manner intended by management, to that extent, the manpower costs incurred by the company in relation to CFO should be capitalised to the PPE/Project and the rest should be charged to the Statement of Profit and Loss, as discussed in paragraph 18 above.*

*Further, any changes, required in accounting treatment in the extant case due to above-mentioned discussion should be considered and corrected by the Company as a prior period error retrospectively in the first set of financial statements approved for issue after the discovery of the error."*

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/67983cajournal-dec2021-9.pdf>







## RBI UPDATES

### 1. Issue of master circular on Income Recognition, Asset Classification, Provisioning and Other Related Matters for all primary Urban Co-operative Banks:

The master circular consolidates and updates all the instructions / guidelines on the subject issued upto 31st October, 2021.

Link of notification dated 1st November, 2021

[www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12185&Mode=0](http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12185&Mode=0)

### 2. Integrated Ombudsman Scheme, 2021:

The Reserve Bank of India has in public interest and in order to make the alternate dispute redressal mechanism simpler and more responsive to the customers of entities regulated by it, has integrated the three Ombudsman schemes – (i) the Banking Ombudsman Scheme, 2006, as amended up to July 01, 2017; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019 into the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the Scheme).

The scheme would be applicable to regulated entities like banks with deposits of Rs. 50 crore or more, NBFC's (excluding HFC's) which are authorised to accept deposits or asset size of Rs. 100 crore or more and all system participants defined in the scheme.

It has come into effect from 12th November, 2021.

Link of notification dated 12th November, 2021

[www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12192&Mode=0](http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12192&Mode=0)

### 3. Clarifications on norms concerning Income Recognition, Asset Classification and provisioning pertaining to advances:

RBI had issued master circular on prudential norms of IRACP on October 1, 2021. With a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions, certain aspects of the extant regulatory guidelines are being clarified and/or harmonized, which will be applicable mutatis mutandis to all lending institutions.

The clarifications have been issued on specification of due date/ repayment date, Classification of account as SMA and NPA, definition of Out of Order, NPA classification in case of interest payments, Upgradation of accounts classified as NPA, Income recognition policy for loans with moratorium on payment of Interest and consumer education.

Link of notification dated 12th November, 2021

[www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12194&Mode=0](http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12194&Mode=0)



#### 4. Appointment of internal Ombudsman by NBFC's:

RBI has in public interest and in the interest of conduct of business relating to Non-Banking Financial Companies (NBFCs), directed specified NBFCs registered with RBI under Section 45-IA of the RBI Act, 1934 to appoint an Internal Ombudsman (IO).

Specified NBFC's are Deposit taking NBFC's with 10 or more branches and Non deposit taking NBFC's with asset size of Rs. 5000 crore and above and having public customer interface. However, certain specified NBFC's would be excluded from applicability of this direction.

NBFC's fulfilling the above criteria should comply within 6 months and NBFC's which fulfil specified criteria subsequently within 6 months of fulfilment.

The pre-requisites of the person who can be appointed as IO, roles and responsibilities of the IO and organisation are also specified in the said circular.

Link of notification dated 15th November, 2021

[www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12195&Mode=0](http://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12195&Mode=0)





## DUE DATE

### Due dates of various compliances falling in the month of December 2021

S.No	Due Date	Act/Authority	Compliance Description
1	07-12-2021	GujRERA	In case of projects whose dynamic quarter completes in November-2021
2	07-12-2021	Income Tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of November-2021
3	10-12-2021	GST	GSTR-7/GSTR-8 for the month of November-2021 for persons required to deduct TDS
4	10-12-2021	GST	GSTR-8 for the month of November -2021 for e-commerce operator required to Collect TCS
5	11-12-2021	GST	GSTR-1 for the month of November-2021 for taxpayers opted to file Monthly Return
6	13-12-2021	GST	Filing of Invoice Furnishing Facility (IFF) for November- 2021 for taxpayers who opted for Quarterly Return Monthly Payment (QRMP) option
7	13-12-2021	GST	GSTR-6 for the month of November-2021 for Input Service Distributor(ISD)
8	15-12-2021	Income Tax	Payment of 3rd Instalment of Advance Tax for the Financial Year 2021-2022
9	15-12-2021	PF/ESIC	Payment of PF / ESIC for the month of November-2021
10	20-12-2021	GST	Payment of GST & Filing of GSTR-3B for the month of November-2021, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
11	20-12-2021	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of November-2021
12	25-12-2021	GST	Payment of GST for the month of November-2021 for Tax payers who opted for QRMP Option
13	30-12-2021	Income Tax	Furnishing of Challan-cum-Return for Tax Deducted (TDS) u/s 194IA, 194IB and 194M during the month of November-2021
14	30-12-2021	MCA	Filing of Statement of Accounts and Solvency in form 8 for the financial year 2020-21 by Limited Liability Partnerships
15	31-12-2021	GST	Filing of GSTR 9/9C- Annual Return and Reconciliation Statement for the Financial year 2020-2021
16	31-12-2021	GST	Filing of GSTR-9A - Annual Return for FY 2020-21 for taxpayers under Composition Scheme
17	31-12-2021	GujRERA	Filing of GujRERAAudit Report in Form 5 for the financial year 2020-2021
18	31-12-2021	Income Tax	Filing of Income Tax Return for the financial year 2020-21 for all assessee other than (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or (d) an assessee who is required to furnish a report under section 92E
19	31-12-2021	MCA	Filing of Annual Financial Statements in form AOC-4,AOC-4 - XBRL and MGT-7 for the financial year 2020-21 by Companies whose Annual General Meeting is held on or before 31/10/2021



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