



**Manubhai & Shah LLP**

Chartered Accountants

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

# NEWSLETTER

OCTOBER 2021 VOL.19

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

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# DIRECT TAX UPDATES

## 1. New Rule 9D For Calculation of interest on PF/RPF

### (CBDT Notification No. 95 dated 31.08.2021)

The Finance Act, 2021 has amended Sections 10(11) and 10(12) of the Income-tax Act, 1961. Till 31.03.2021, any interest income accrued on a Recognized Provident fund (RPF) account was exempt from tax. However, the said two sections have been amended w.e.f. A.Y. 2022-23 withdrawing the full exemption limit. It is provided that any accrued interest income on contribution in excess of Rs.2.50 Lakhs in a financial year commencing from 01.04.2021 shall be taxable. It is also provided that in case of a PF account wherein there is no contribution made by the employer (General PF), the limit of contribution by the employee is Rs.5 Lakhs in a financial year. It is provided in the Finance Act, 2021, that the method of calculation of such interest will be notified by CBDT.

The CBDT has vide Notification no.95 dated 31.08.2021 inserted new Rule 9D by Income tax (Twenty Fifth Amendment) Rules, 2021, which provides method of calculation of accrued interest on contribution to Recognized Provident Fund w.e.f.01.04.2021. It provides for maintenance of separate accounts within the PF account for calculation of taxable and non-taxable contribution made from Financial year 2021-22 and onwards. These two accounts are 'Non-taxable Contribution Account' and 'Taxable Contribution Account'. Accordingly, for financial year 2021-22, interest on 'Taxable Contribution Account' will be calculated on taxable contribution made during the year and thereafter for all the financial years interest will be calculated on accumulated balance plus the taxable contributions.

## 2. New Rule 26D and Form No. 12BBA - T.D.S. U/sec 194P for Specified Senior Citizens.

### (CBDT Notification No. 99 dated 02.09.2021)

CBDT has notified Income tax (Twenty Sixth Amendment) Rules, 2021, in compliance with the provisions of section 194P by inserting new Rule 26D and Form No. 12BBA. Accordingly, a specified senior citizen shall furnish declaration with evidences of claim of deductions in physical Form No. 12BBA to a specified banker for the purpose of deduction of Tax under section 194P.

## 3. Exclusions of cases under Faceless Assessment U/sec 144B of the Act.

### (CBDT Order No. 187 dated 06.09.2021)

CBDT has directed vide this Order No. 187 that assessment order shall not be passed by the National Faceless Assessment Centre (NaFAC) under section 144B of the Act in cases where pendency could not be created on ITBA portal because of technical reasons or cases not having a PAN.

Accordingly, as per Order No. 187 dated 06.09.2021, in the following cases the Assessment Orders shall not be passed by the National Faceless Assessment Centre (NaFAC) under section 144B of the Act :-

- i. Assessment orders in cases assigned to Central Charges
- ii. Assessment orders in cases assigned to International Tax Charges
- iii. Assessment order in cases where pendency could not be created on ITBA portal because of technical reasons or cases not having a PAN



- iv. Assessment orders in cases set aside to be done de novo or under section 147 for which the time limit for completion expires on 30.09.2021 and pending with the jurisdictional Assessing officer as on 11.09.2021 and which cannot be completed as per the procedure laid down under section 144B of the Act due to technical/procedural constraints in the given period of limitation

#### **4. Amendment in section 79 to carry forward of losses in case of change in shareholding due to strategic disinvestment in PSU**

##### **(CBDT Press Release dated 10.09.2021)**

Finance Act, 2021 has amended section 72A of the Income-tax Act, 1961 to *inter alia* provide that in case of an amalgamation of a public sector company (PSU) as part of strategic disinvestment, with one or more company or companies, then, subject to the conditions laid down therein, the accumulated losses and the unabsorbed depreciation of such PSU company shall be deemed to be the loss or unabsorbed depreciation of the amalgamated (acquirer) company for the previous year in which the amalgamation was effected.

In order to facilitate the strategic disinvestment of public sector company (PSU) , Section 79 of the Income-tax Act, 1961, has been amended which provides that brought forward losses till date of disinvestment in PSUs shall be carried forward and set off by the such divested PSU . The said relaxation shall cease to apply from the previous year in which the acquirer shareholders of such divested PSU ceases to hold, directly or through its subsidiary or subsidiaries, fifty-one per cent of the voting power of the divested PSU.

#### **5. Extension of Due Date for completion of action under Income Act**

##### **(CBDT Notification No. 113 dated 17.09.2021)**

In exercise of the powers conferred by section 3(1) of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, the C.B.D.T. has extended the time limits in the following cases, in view of the prevailing pandemic of COVID :

- i. Time limit for passing of an order of Penalty under Chapter XXI of the Income tax Act is extended till 31.03.2022.
- ii. Time limit for intimation of Aadhaar number to the prescribed authority under section 139AA(2) of the Income-tax Act, is extended till 31.03.2022.
- iii. Time Limit for issue of notice under section 26(3)(1) or passing of any order under section 26(3)(3) of the *Benami Act* is extended till 31.03.2022

#### **6. Guidelines for Recognition and Registration of in-house R&D Unit**

##### **(Press Release dated 21.09.2021)**

The Department of Scientific & Industrial Research (DSIR) has notified Guidelines for granting recognition & registration to in-house R&D units established by corporate industry vide a Press Release dated 21.09.2021. Companies desirous of seeking recognition to their in-house R&D units should apply to DSIR online through DSIR website ([www.dsir.gov.in](http://www.dsir.gov.in)) or through the Portal Link: (<http://dsir.csir.res.in/DSIRPrograms/Login/Default.aspx>). After successful submission of online application send one set of hard copy (PDF, generated by the system) signed by the MD/whole-time Director of the company to DSIR along with all uploaded annexures, The applications for Recognition & Registration should be sent by speed post



# COMPANY LAW UPDATES

## A. Extension in Due Date of Filing E-Form CRA-4 (Cost Audit Report):

Time limit of submission of cost audit report by cost auditor to company for FY 2020-21 is extended upto October 31, 2021 and accordingly companies can file form CRA-4 within 30 days from receipt of such report from cost auditor. Further, in case where companies have got extension of time for holding AGM, such filing can be done within extended period of filing financial statements for FY 2020-21.

Circular can be accessed at:

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

## B. Extension in time limit for holding Annual General Meeting (AGM):

Last date to hold AGM for financial year 2020-21 is extended by two months i.e. from September 30, 2021 to November 30, 2021.

State wise notification of extension can be accessed at:

<https://www.mca.gov.in/content/mca/global/en/data-and-reports/rd-roc-info/extension-agm.html>



# SEBI UPDATES

## A. Amendment in SEBI (LODR) Regulations:

Major amendments made in SEBI (LODR) Regulations are:

- Amendment in Definitions of Non-convertible debt securities, Non-convertible redeemable preference shares, Non-convertible securities, Perpetual debt instruments, Perpetual non-cumulative preference shares and various regulations related to such instruments
- Amendment in various regulations related to high value debt listed entities
- Submission of financial results by debt listed entity to be made on quarterly basis instead of half yearly
- Insertion of various new financial ratios required to be reported at the time of quarterly results submission
- Disclosure of asset cover available for non-convertible debt securities in financial results in specified format

Amendment can be accessed at:

[https://www.sebi.gov.in/legal/regulations/sep-2021/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fifth-amendment-regulations-2021\\_52488.html](https://www.sebi.gov.in/legal/regulations/sep-2021/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-fifth-amendment-regulations-2021_52488.html)



# ACCOUNTING UPDATES

## EAC Opinion:

### **Expert Advisory Committee (EAC) of ICAI has provided an Opinion on Presentation of change in non-current asset in Cash Flow Statement**

The relevant text of the Opinion is reproduced below:

*“the Committee is of the opinion that in the statement of cash flows of the Company, as per the requirements of paragraph 20 of Ind AS 7, changes in non-current financial asset (receivable from the Authority) should be adjusted as ‘changes in operating receivables’ to determine the cash flow from operating activities under indirect method. Further, since a portion of the financial asset, viz., receivable from the Authority contains interest element also which is a financing component in the transaction; such financing component which represents payment due to time value of money should be separated from the financial asset as per the relevant applicable Standard and should be considered and classified as cash flows from investing activities.”*

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/66321cajournal-sep2021-9.pdf>



# RBI UPDATES

1. RBI has issued master direction for **Securitisation of Standard Assets** on 24th September, 2021 and the same would be applicable to all SCBs including Small Finance Banks but excluding RRBs, All India Term Financial Institutions (NABARD, NHB, Exim Bank and SIDBI) and All NBFC's including HFC's. These directions are called RBI (Securitisation of Standard Assets) Directions, 2021. These directions would replace the existing instructions on the matter of securitisation of standard assets.

Link for master directions dated 24th September, 2021

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12165&Mode=0#ANC1>

2. RBI has permitted entities other than banking companies to carry out authentication of clients Aadhaar number using e-KYC facility provided by UIDAI. Thus, NBFC's, payment system providers and payment system participants desirous of obtaining Aadhaar authentication license – KYC User Agency (KUA) License or Sub KUA license issued by UIDAI may submit their application to this department for onward submission to UIDAI. The said application can also be forwarded over email.

Link for notification dated 13th September, 2021

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12161&Mode=0>

3. RBI has issued master direction for Transfer of Loan Exposures on 24th September, 2021 and the same would be applicable to all SCBs including Small Finance Banks, Local Area Banks and RRBs, All primary urban co-operative banks, State Co-operative banks and District Central Co-operative Banks, All India Financial Institutions and All NBFC's including HFC's. These directions are called RBI (Transfer of Loan Exposures) Directions, 2021. These directions would replace the existing instructions on the subject matter.

Link for master directions dated 24th September, 2021

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12166&Mode=0>





## DUE DATE

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

S.No	Due Date	Act/Authority	Compliance Description
1	07-10-2021	GujRera	In case of projects whose dynamic quarter completes in September-2021
2	07-10-2021	Income Tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of September-2021
3	10-10-2021	GST	GSTR-7/GSTR-8 for the month of September-2021 for persons required to deduct TDS
4	10-10-2021	GST	GSTR-8 for the month of September -2021 for e-commerce operator required to Collect TCS
5	11-10-2021	GST	GSTR-1 for the month of September-2021 for taxpayers opted to file Monthly Return
6	13-10-2021	GST	GSTR-1 for July-2021 to September-2021 quarter for taxpayers opted for Quarterly Return Monthly Payment (QRMP) option
7	13-10-2021	GST	GSTR-6 for the month of September-2021 for Input Service Distributor(ISD)
8	15-10-2021	PF/ESIC	Payment of PF / ESIC for the month of September-2021
9	15-10-2021	Income Tax	TCS returns for the quarter ended on September 30,2021
10	18-10-2021	GST	CMP-08 for the quarter ended on September 30,2021 by Composite Dealer
11	20-10-2021	GST	Payment of GST & Filling of GSTR-3B for the month of September-2021, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
12	20-10-2021	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of September-2021
13	22-10-2021	GST	Payment of GST & Filling of GSTR-3B for taxpayers having turnover upto Rs.5 Crore in preceding Financial year for the quarter ended on September 30, 2021 who opted for QRMP Option depending on place of business(State)
	24-10-2021		
14	30-10-2021	Income Tax	Furnishing of Challan-cum-Return for Tax Deducted (TDS) u/s 194IA, 194IB and 194M during the month of September-2021
15	31-10-2021	Income Tax	TDS returns for the quarter ended on September 30,2021
16	31-10-2021	Income Tax	Payment of Tax with additional interest under Direct Tax Vivad Se Vishwas Act, 2020
17	31-10-2021	MCA	MSME-1 for in respect of outstanding payment by company to Micro and Small Enterprise as at September 30, 2021

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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	UDAIPUR
BARODA	GANDHINAGAR

