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**NEWSLETTER**  
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Covering Updates for the Month of October' 21  
For private circulation and clients only

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# DIRECT TAX UPDATES

## 1. Extension of time to process income tax returns upto A.Y. 2017-18

### (CBDT Order No. 225 dated 30.09.2021)

CBDT had directed vide order No.225 dated 05.07.2021 to the concerned officers that all validly filed income tax returns with Refund Claim upto A.Y. 2017-18 under section 143(1) which had become time barred, should be processed by 30.09.2021. Now this date has been extended till 30.11.2021 vide this Order No. 225 dated 30.09.2021. This order is not applicable in following cases:

- i. returns selected in scrutiny
- ii. returns remain unprocessed, where either demand is shown as payable in the return or is likely to arise after processing it
- iii. returns remain unprocessed for any reason attributable to the assessee

## 2. Insertion of new Rule 11UE & 11UF on indirect transfer of Indian asset

### (CBDT Notification No. 118 dated 01.10.2021)

CBDT has notified Income-tax (Thirty-First Amendment) Rules, 2021, inserting new Rules 11UE & 11UF in the Income tax Rules, 1962 in regard to indirect transfer, before 28.05.2012, of assets situated in India.

Rule 11UE is applicable in case of the situations as provided in clause (i) to (iii) under the fifth and sixth proviso to Explanation 5 to section 9(1)(I). The declarant is required to furnish an undertaking in Form No. 1 and shall append the undertakings from all the interested parties in Part M of the Annexure to the undertaking in Form No. 1 and furnish all the attachments required to be furnished under any clause or part thereof.

Rule 11UF relates to the manner of furnishing undertaking under rule 11UE and states that “the undertaking in Form No. 1 under sub-rule (1) of rule 11UE shall be submitted by the declarant to the jurisdictional Principal Commissioner or Commissioner within forty-five days from the date of commencement of the Income-tax (31st Amendment) Rules, 2021.”

## 3. Exemption to Specified Persons from filing of Income tax Return

### (CBDT Notification No. 119 dated 11.10.2021)

CBDT has exempted following class of specified persons from filing of Income-tax return from assessment year 2021-22 and onwards-

	Specified Person	Conditions
1	NRI- including a foreign Company	<ul style="list-style-type: none"> <li>i The said class of persons does not earn any income in India, during the previous year, other than the income from investment in the specified fund referred to in clause (c)(I) of Explanation to section 10(4D) of the Income-tax Act</li> <li>ii The provisions of section 139A of the Income-tax Act are not applicable to the said class of persons subject to fulfillment of the conditions mentioned in Rule 114AAB(1) of the Income-tax Rules, 1962</li> </ul>
2	NRI who is a non-resident and an eligible Investor who operates in accordance with the Rules of the Securities and Exchange Board of India	<ul style="list-style-type: none"> <li>i The said class of persons, during the previous year, has made transactions only in capital asset referred to in section 47(viiab) of the Income tax Act, which are listed on a recognised stock exchange located in any International Financial Services Centre (IFSC) and the consideration on transfer of such capital asset is paid or payable in foreign currency.</li> <li>ii The said class of persons earns only income in India from transfer of capital asset referred to in section 47 (viiab) of the Act, during the previous year;; and</li> <li>iii The provisions of section 139A of the said Act are not applicable to the said class of persons subject to fulfillment of the conditions mentioned in Rule 114AAB(1) of the Income-tax Rules, 1962.</li> </ul>

#### Exclusions:

However, it is clarified that the above specified person is required to file their Income tax return in India in whose case a notice under section 142(1) or section 148 or section 153A or section 153C of the Act has been issued for filing a return of income for the assessment year specified therein.

#### 4. Additional Information in Form 26AS

##### (CBDT Order No. 225/155 dated 26.10.2021)

CBDT has authorised vide this order to Director General of Information (System) to upload information relating to following sources in the Annual Information Statement in Form 26AS relating to an assessee within three months from the end of month in which such information are received :

- i. Foreign remittance information reported in Form ISCC
- ii. Information in Annexure II of the 24Q TDS Statement of the last quarter
- iii. Information in ITR of other taxpayer
- iv. Interest on Income Tax Refund
- v. Information in Form 61/61A where PAN could be populated
- vi. Off Market Transactions Reported by Depository/ Registrar and Transfer Agent (RTA)
- vii. Information about dividend of mutual fund reported by RTA
- viii. Information about purchase of mutual fund reported by RTA

So, above information will also get reflected in Form 26AS of all the assessee.



# COMPANY LAW UPDATES

## A. Relaxation on levy of additional fees in filing of E-forms AOC-4, AOC-4 (CFS), AOC-4 XBRL, AOC-4 Non-XBRL and MGT-7 / MGT-7A:

**Existing Provision:** Every company is required to file E-form AOC- 4/ AOC-4 (CFS)/ AOC-4 XBRL/ AOC-4 Non-XBRL within 30 days from the date of AGM and E-form MGT-7 / MGT-7A within 60 days from the date of AGM.

**Relaxation:** Ministry has decided that no additional fees shall be levied upto December 31, 2021, for filing of E-forms AOC-4/ AOC-4 (CFS)/ AOC-4 XBRL/ AOC-4 Non-XBRL and MGT-7 / MGT-7A in respect of the financial year ended on March 31, 2021. During the said period, only normal fees shall be payable for the filing of the aforementioned E-forms

Circular can be accessed at:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NDA5MDk=&docCategory=Circulars&type=open>

## B. Extension of last date of filing of Cost Audit Report:

**Existing Provision:** Cost Auditors are required to submit their cost audit report on cost records within 180 days of the closing of the financial year (i.e. Before September 30, 2021 for FY 2020-21)

**Relaxation:** Time limit of submission of cost audit report by cost auditor to company for FY 2020-21 is further extended till November 30, 2021 and accordingly company can file E-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/dms/getdocument?mds=A5nNeF4Hy8RsmBJKnnKERw%253D%253D&type=open>

## C. Relaxations in paying additional fees in case of delay in filing Form 8 by Limited Liability Partnerships (LLPs):

**Existing Provision:** LLPs are required to file Form 8 – Statement of Account and Solvency within thirty days of submission of Audit Report by Auditors i.e. latest by October 30, 2021.

**Relaxation:** As part of the Government's constant efforts to promote ease of living and compliances for Micro, Medium and Small Enterprises doing business through the vehicle of LLP, it has been decided to allow LLPs to file Form 8 (the Statement of Account and Solvency) for the Financial Year 2020-2021 without paying additional fees upto December 30, 2021.

### Form 8: Statement of Account & Solvency

*In Form 8, the LLP must provide details of financial transactions undertaken during the financial year and position at the end of financial year. In addition to the financial position, the LLP must also declare:*

- That the turnover is above or below Rs. 40 lakhs for that Financial Year.
- That the LLP has already filed a statement indicating the creation of charges or modification or satisfaction till the present financial year.
- That the partners / authorized representatives have taken proper care and responsibility for maintenance of adequate accounting records and preparation of accounts.

Circular can be accessed at:

<https://www.mca.gov.in/bin/dms/getdocument?mds=D6JwDgXJxJkSj9vnkrkNZw%253D%253D&type=open>



## SEBI UPDATES

- **Disclosure of Complaints against the Stock Exchanges and the Clearing Corporations:**

In order to bring about transparency in the Investor Grievance Redressal Mechanism, it has been decided that all the Stock Exchanges and the Clearing Corporations shall disclose on their websites, the data on complaints received against them and redressal thereof latest by 7th of succeeding month, as per the specified format. The provisions of this circular shall come into effect from January 01, 2022.

Circular can be accessed at

[https://www.sebi.gov.in/legal/circulars/oct-2021/disclosure-of-complaints-against-the-stock-exchanges-and-the-clearing-corporations\\_53112.html](https://www.sebi.gov.in/legal/circulars/oct-2021/disclosure-of-complaints-against-the-stock-exchanges-and-the-clearing-corporations_53112.html)

- **Revised Formats for filing Financial information:**

Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('Listing Regulations') were amended vide notification dated September 07, 2021, mandating entities that have listed non-convertible securities to disclose financial results on a quarterly basis, including assets & liabilities and cash flows as well as requiring certain changes in the line items in the financial results. Accordingly, this circular provides the revised formats for reporting of financial information.

Circular can be accessed at:

[https://www.sebi.gov.in/legal/circulars/oct-2021/revised-formats-for-filing-financial-information-for-issuers-of-non-convertible-securities\\_53136.html](https://www.sebi.gov.in/legal/circulars/oct-2021/revised-formats-for-filing-financial-information-for-issuers-of-non-convertible-securities_53136.html)

- **Revised Formats for Limited Review / Audit Report for issuers of non-convertible securities:**

Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ('Listing Regulations') were amended vide notification dated September 07, 2021, mandating entities that have listed non-convertible securities to disclose financial results on a quarterly basis, including assets & liabilities and cash flows as well as requiring certain changes in the line items in the financial results. Accordingly, this circular provides the revised formats for limited review report / audit report.

Circular can be accessed at:

[https://www.sebi.gov.in/legal/circulars/oct-2021/revised-formats-for-limited-review-audit-report-for-issuers-of-non-convertible-securities\\_53279.html](https://www.sebi.gov.in/legal/circulars/oct-2021/revised-formats-for-limited-review-audit-report-for-issuers-of-non-convertible-securities_53279.html)



# ACCOUNTING UPDATES

## A. EAC Opinion:

Expert Advisory Committee (EAC) of ICAI has provided an Opinion on Accounting treatment under Ind AS for Financial Year 2019-20 for research expenses in case of a new Company formed for setting up of new Urea Plant and is under construction phase.

The relevant text of the Opinion is reproduced below:

*“Committee notes that during Phase I of Contract, the Consultant is required to make assessment of ‘as is processes’, make a detailed functional requirement specification after studying prevailing processes and make a requirement study indicating expected business domains to be covered under ERP. The scope of Contract also includes to indicate various potential ERP systems which can be considered for implementation and identify options available to the Company which suit its prevailing business domains. Consultant is also required to prepare a cost break-up, to work out the cost-benefit analysis on implementation of ERP and also suggest implementation of ERP at the Company with in premises hosting model/ cloud based hosting model. Thus, during Phase I, even the ERP system to be implemented, various modules of ERP, hosting model, etc. are yet to be decided and only study is to be made to choose the best alternative for taking the decision about the implementation of the Project. Further, **the activities performed during the Phase I are in the nature of analysis and study, which appear to be similar to the kind of activities undertaken in research phase as per the examples of research activities given in paragraph 56 of Ind AS 38.** Moreover, as per the Contract with the Consultant, in the event it is decided not to implement ERP solution after completion of Phase I of the scope of work, Contract can be short closed, which further indicates that **during Phase I, the usefulness of the output under the Contract is not established as the decision to continue with further stages of the Contract will be undertaken based on the result of the Phase I** and therefore, how the intangible asset (if any) developed under the Contract will generate probable future economic benefits cannot be demonstrated as per paragraph 57 of Ind AS 38. Thus, the activities under Phase I do not give rise to any intangible asset that will generate probable future economic benefits. **Accordingly, the Committee is of the view that the expenses incurred during Phase I of the Contract in the extant case are for research activities and should be recognised as an expense, as and when incurred.**”*

EAC Opinion can be accessed at:

<https://resource.cdn.icai.org/67278cajournal-nov2021-9.pdf>



# RBI UPDATES

## 1. Prudential norms on Income Recognition, Asset Classification and Provisioning

RBI has issued master circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances on 1st October, 2021 and the same would be applicable to all commercial banks (excluding RRB's). The purpose of the said circular is to consolidate all instructions till date on the said matter.

Link for master circular dated 1st October, 2021

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12171&Mode=0>

## 2. Eligible limit for issuing PDI denominated in foreign currency or rupee denominated bonds overseas.

RBI has clarified that banks can raise capital funds overseas which would be higher of

- a. 1.5% of Risk Weighted Assets (RWA's) and
- b. Total Additional Tier 1 Capital

As on March 31st of previous year.

Also, not more than 49% of the eligible amount can be issued in foreign currency and / or in rupee denominated overseas bonds.

Link for notification dated 4th October, 2021

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12173&Mode=0>

## 3. Extension of Priority Sector Lending (PSL) classification of Banks lending

Lending by banks to NBFC's (other than MFIs) for on-lending was allowed to be classified as PSL upto 30th September, 2021. However, taking into account the increased traction observed in delivering credit to the undeserved / unserved segments of the economy, the aforesaid classification norm has been extended till 31st March, 2022. Further, bank loans to HFC's for on-lending for the purpose of housing will also continue till March 2022.

## 4. Data furnishing of Credit Information (CI) to Credit Information Companies (CIC's)

The relationship segment (RS) in the Commercial bureau format inter alia captures information on relationship fields of the corporates viz business category and type of relationship (i.e., contains information on directors, shareholders, proprietors, partners, trustees, holding companies, subsidiary companies and associated companies related to the borrower). It was observed that here is low level of RS details in databases of CIC's. The RS details are very important in establishing cross linkages across three modules viz consumer, commercial and MFI bureaus while providing comprehensive credit information of a borrower to CI's by CIC's. Thus, reporting on RS has been made mandatory in a staggered manner.

Link for notification dated 14th October, 2021

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12178&Mode=0>



## 5. SBR – Scale Based Regulatory Framework for NBFC’s

The contributions of NBFC’s towards supporting real economic activity and their role as a supplemental channel of credit intermediation alongside banks is well recognised. Over the years, the sector has undergone considerable evolution in terms of size, complexity and interconnectedness within the financial sector. Many entities have grown and become systematically significant and hence there is a need to align the regulatory framework for NBFC’s keeping in view their changing risk profile.

The new SBR framework encompasses different facets of regulation of NBFCs covering capital requirements, governance standards, prudential regulation etc. It has been decided to first issue an integrated regulatory framework for NBFCs under SBR providing holistic view of SBR structure, set of new regulations and respective timelines. Detailed guideline would be issued subsequently.

These guidelines shall be effective from 1st October, 2022. However, the instructions relating to ceiling on IPO funding shall come into effect from 1st April, 2022.

Link for notification dated 22nd October, 2021

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0>





## DUE DATE

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

S.No	Due Date	Act/Authority	Compliance Description
1	07-11-2021	GujRera	In case of projects whose dynamic quarter completes in October-2021
2	07-11-2021	Income Tax	Deposit of Tax Deducted at Source (TDS) / Tax Collected at source (TCS) during the month of October-2021
3	10-11-2021	GST	GSTR-7/GSTR-8 for the month of October-2021 for persons required to deduct TDS
4	10-11-2021	GST	GSTR-8 for the month of October -2021 for e-commerce operator required to Collect TCS
5	11-11-2021	GST	GSTR-1 for the month of October-2021 for taxpayers opted to file Monthly Return
6	13-11-2021	GST	Filing of Invoice Furnishing Facility (IFF) for October- 2021 for taxpayers who opted for Quarterly Return Monthly Payment (QRMP) option
7	13-11-2021	GST	GSTR-6 for the month of October-2021 for Input Service Distributor(ISD)
8	15-11-2021	PF/ESIC	Payment of PF / ESIC for the month of October-2021
9	20-11-2021	GST	Payment of GST & Filing of GSTR-3B for the month of October-2021, for taxpayers having turnover of more than Rs.5 Crore in preceding financial Year
10	20-11-2021	GST	GSTR-5 & 5A by Non-resident taxable person & OIDAR for the month of October-2021
11	25-11-2021	GST	Payment of GST for the month of October-2021 for Tax payers who opted for QRMP Option
12	30-11-2021	Income Tax	Furnishing of Challan-cum-Return for Tax Deducted (TDS) u/s 194IA, 194IB and 194M during the month of October-2021
13	30-11-2021	MCA	Holding of Annual General Meetings (AGMs) for the financial year 2020-21 by unlisted company

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