

Nucleus ADVISORS RoundUp

May 2021 | F&A | Volume IX



Welcome to our
monthly newsletter

We bring you a concise and noteworthy regulatory developments in Income Tax, Goods & Services Tax, Companies Act and Audit & Assurance during May 2021. We had tried to cover all important updates occurred during May 2021 in this volume of newsletter. The sole purpose of this circulation is to update finance professionals and business owners on direct & indirect taxes and other compliances. Feedbacks are welcome at info@nucleusadvisors.in.



Table of Contents

Page 03

Newsletter Highlights

Page 04 - 07

Direct Tax Updates

Page 08 - 12

GST Updates

Page 13 - 16

MCA Updates

Page 16 - 18

Audit & Assurance Updates

Page 19

Compliance Calendar



Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax, MCA, Audit & Assurance notification, circulars and case laws which may directly or indirectly impact our readers. At Nucleus, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.



NEWSLETTER HIGHLIGHTS

DIRECT TAX

- CBDT notifies FMV of capital assets under Slump Sale
- Notification of Government Employees Superannuation Board and Public Sector Pension Investment Board as Sovereign Wealth Fund
- CBDT provides exemption to eligible foreign investors/non-resident unit holders of Category III AIFs set-up in IFSC from requirement of obtaining PAN
- Relaxation u/s 269ST for cash receipt by hospitals, dispensaries, nursing homes, COVID care centres or similar other medical facilities providing COVID-19 treatment to patients
- Notification of Threshold for Significant Economic Presence
- Extension of Various Due Dates

GST

- Outcomes of 43rd Meeting of the GST Council on May 28, 2021
- Measures for Trade Facilitation
- Fourth Amendment to the CGST Rules, 2021
- Standard Operating Procedure (SOP) for implementation of the provision of extension of time limit to apply for revocation of cancellation of registration

MCA

- Extension of Time Gap Between Two Board Meetings
- Extension For Filing of Forms Due For Filing from April 1, 2021 To May 31, 2021
- Clarification on offsetting the excess CSR spent for FY 2019-20
- List of Forms where additional fees has been waived off by the Ministry of Corporate Affairs

AUDIT & ASSURANCE

- ICAI issues exposure draft of revised Accounting Standard 12.
- RBI issues guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of banks, NBFCs.
- IASB clarifies the accounting for deferred tax on leases and decommissioning obligations.





DIRECT TAX UPDATES

Notification No. 68/2021 Valuation under Slump Sale

- As per rule 11UAE vide notification dated May 24, 2021 CBDT notifies **FMV of capital assets** for the purpose of section 50B of Income tax Act.

Where **FMV shall be higher of** (1) and (2)

1.) It shall be FMV of capital assets transferred by way of slump sale which is :

$A+B+C+D-L$

where ,

A= Book value of assets (except jewellery, artistic work, shares , securities and immovable property) , reduced by :

- * Income tax paid less refund claimed
- * * Deferred expenditure representing value of asset

B=price fetched if gold and jewellery would have been sold

C = FMV of Shares and Debentures

D= value adopted or assessed or assessable for payment of stamp duty in respect of immovable property.

L=Book value of liabilities of division transferred by way of slump sale but not include following amounts which relates to such undertaking or division , namely

- * Paid-up capital of equity shares
- * * amount set apart for payment of dividends where dividend not declared before date of transfer at general body meeting.
- * Reserve and surplus except set apart for depreciation.
- * * Amount representing provision for taxation and made for meeting liabilities other than ascertained liabilities and contingent liabilities.

Notification No. 64 and 65/2021:- Sovereign Wealth Fund

- CBDT notifies 'Government Employees Superannuation Board' as pension fund _ Section 10(23EE). CBDT notifies pension fund, namely, 'Government Employees Superannuation Board' under sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after May 13, 2021 but on or before the March 31, 2024 vide Notification No. 65/2021
- CBDT notifies 'Public Sector Pension Investment Board' as pension fund _ Section 10(23EE) CBDT notifies pension fund, namely, 'Public Sector Pension Investment Board' under sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after May 13, 2021 but on or before the March 31, 2024 vide Notification No. 64/2021

Notification No. 42/2021:- CBDT provides exemption to eligible foreign investors/non-resident unit holders of Category III AIFs set-up in IFSC from requirement of obtaining PAN

- A non-resident, being an eligible foreign investor, shall not be required to obtain a PAN if he has made transaction only in a capital asset referred to in section 47(viib) of the Act which are listed on a recognised stock exchange located in any IFSC and the consideration on transfer of such capital asset is paid or payable in FC.

Further, such non-resident, should fulfil the following conditions to obtain the said exemption:

- The eligible foreign investor does not earn any income in India, other than the income from transfer of a capital asset referred to in section 47(viib) of the Act;
- The eligible foreign investor shall furnish the following details and documents to the stock broker through which the transaction is made:
 - Name, e-mail id, contact number;
 - Address in the country or specified territory outside India of which he is a resident;
 - A declaration that he is a resident of a country or specified territory outside India; and
 - Tax Identification Number in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident is identified by the Government of that country or the specified territory of which he claims to be a resident.

Notification No. 56/2021:-Relaxation u/s 269ST

- Pursuant to powers granted to CG to exempt persons or receipts, the CG has issued a Notification dated May 7, 2021 (Notification) which exempts any cash receipt by hospitals, dispensaries, nursing homes, COVID care centres or similar other medical facilities providing COVID-19 treatment to patients. The relaxation is applicable to the foregoing entities for receipts during the period April 1, 2021 to May 31, 2021. The Notification requires the entities to obtain Permanent Account Number (PAN)/Aadhar number of patient and payee. It also requires them to obtain the details of relationship between patient and payee.

Notification 41/2021 Threshold for Significant Economic Presence

- The Income Tax Department on May 3, 2021 notified a threshold for Significant Economic Presence (SEP) with effect from April 1, 2022. As per the notification, the threshold is "the amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a non-resident with any person in India, including provision of download of data or software in India during the previous year, shall be two crore rupees." Also, the number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be three lakh.

Circular No. 9/2021:- Extension of Various Due Dates

Sr. No.	Particulars	Brief description	Original due date as per ITL	Extended due date as per Circular
1.	Statement of Financial Transaction (SFT) for tax year 2020-21	Specified taxpayers are required to submit an SFT annually capturing details of certain specified transactions such as purchase/sale/exchange of goods or property or right or interest in a property, interest income, dividend income, etc.	May 31, 2021	June 30, 2021
2.	Statement of reportable account for calendar year 2020	Statement of reportable account shall be furnished on an annual basis by a reporting financial institution in respect of each reportable account registered or maintained by it	May 31, 2021	June 30, 2021
3.	Statement of taxes withheld in last quarter of tax year 2020-21	The ITL imposes an obligation of withholding of taxes on the taxpayer making specified payments such as salary, rent, payment to non-resident etc. Such taxpayers are also required to submit a statement of taxes withheld on a quarterly basis	May 31, 2021	June 30, 2021
4.	Statement of taxes withheld on contributions paid by trustees of an approved superannuation fund for tax year 2020-21	The trustee of an approved superannuation fund has to withhold taxes at the time of payment of any contribution, including any interest thereon to an employee. Further, an annual statement setting out the particulars of the fund, contributions repaid to the employee, along with details of withholding of taxes, have to be furnished by the trustee	May 31, 2021	June 30, 2021
5	Statement of taxes withheld or collected by government deductors for May 2021	Where tax has been deducted/collected by government deductors, it has to be deposited with the Central Government by issuing transfer vouchers. A statement comprising details of such transfer vouchers has to be furnished on a monthly basis.	June 15, 2021	June 30, 2021
6	Certificate of taxes withheld by employer in Form No. 16 to employees for tax year 2020-21	The employer is required to furnish annually to its employees a certificate in Form No. 16 in relation to taxes withheld in respect of salary	June 15, 2021	July 15, 2021
7	Statement furnished to specified tax authority of income paid or credited by an investment fund for tax year 2020-21	A statement of income credited by an investment fund to the unit holders in Form 64D has to be furnished annually to specified tax authority	June 15, 2021	June 30, 2021

Extensions in relation to filing of tax returns, audit reports and transfer pricing report for tax year 2020-21:

Sr. No.	Particulars	Normal due date as per ITL	Extended due date as per Circular
A		In relation tax returns:	
1.	Taxpayers who are required to furnish transfer pricing report (including partners of a taxpayer being a firm who is covered in this category)	November 30, 2021	December 31, 2021
2.	Taxpayers who are required to get their accounts audited (including partners of a taxpayer being a firm who is covered in this category) and not covered in Sr. No 1 above	October 31, 2021	November 30, 2021
3.	Other taxpayers not covered in Sr. No. 1 or 2 above (e.g., individuals, firms not liable to audit etc.)	July 31, 2021	September 30, 2021
4.	Belated/revised tax returns	December 31, 2021	January 31, 2022
B.		In relation to audit/transfer pricing reports:	
5.	Tax audit report	September 30, 2021	October 31, 2021
6.	Transfer pricing report in respect of international/specified domestic transactions	October 31, 2021	November 30, 2021



GST UPDATES

43rd Meeting of the GST Council-New Delhi, May 28, 2021

The GST Council in its 43rd meeting held on May 28, 2021 at New Delhi took the following decisions relating to changes in GST rates on supply of goods and services and changes related to GST law and procedure: -

➤ COVID Relief Items

- As a COVID-19 relief measure, a number of specified COVID-19 related goods including Amphotericin B for free distribution given full exemption from IGST upto August 31, 2021. It may be mentioned that these goods are already exempted from Basic Customs duty. Custom duty exemption also given to Amphotericin B.
- Further relief in individual item of COVID-19 after Group of Ministers (GoM) submits report on June 8, 2021.

➤ Other Reliefs on Goods

- The GST rate on Diethylcarbamazine (DEC) tablets has been recommended for reduction to 5% (from 12%).
- Certain clarifications/clarificatory amendments have been recommended in relation to GST rates. Major ones are, -
 - Levability of IGST on repair value of goods re-imported after repairs
 - GST rate of 12% to apply on parts of sprinklers/ drip irrigation systems falling under tariff heading 8424 (nozzle/laterals) to apply even if these goods are sold separately.

➤ Services

- To clarify those services supplied to an educational institution including anganwadi sponsored by Government is exempt from levy of GST.
- Services supplied to a Government entity by way of construction of a rope-way attract GST @ 18%.
- Services supplied by Govt. to its undertaking/ PSU by way of guaranteeing loans taken by such entity from banks and financial institutions is exempt from GST.

- To make appropriate changes in the relevant notification for an explicit provision to make it clear that land owner promoters could utilize credit of GST charged to them by developer promoters in respect of such apartments that are subsequently sold by the land promoter and on which GST is paid. The developer promoter shall be allowed to pay GST relating to such apartments any time before or at the time of issuance of completion certificate.

- GST rate on MRO services in respect of ships/ vessels to be reduced from 18% to 5%

Place of supply for B2B supply of MRO Services in respect of ships/ vessels would be location of recipient of service. This is in line with the treatment of MRO services for aviation industry.

- To clarify that supply of service by way of milling of wheat/paddy into flour (fortified with minerals etc. by millers or otherwise)/rice to Government/ local authority etc.for distribution of such flour or rice under PDS is exempt from GST if the value of goods in such composite supply does not exceed 25%.

Otherwise, such services would attract GST at the rate of 5% if supplied to any person registered in GST, including a person registered for payment of TDS.

- To clarify that GST is payable on annuity payments received as deferred payment for construction of road. Benefit of the exemption is for such annuities which are paid for the service by way of access to a road or a bridge.

➤ Simplification of Annual Return for FY 20-21

- Amendments in section 35 and 44 of CGST Act made through Finance Act, 2021 to be notified. This would ease the compliance requirement in furnishing reconciliation statement in FORM GSTR-9C, as taxpayers would be able to self-certify the reconciliation statement, instead of getting it certified by chartered accountants. This change will apply for Annual Return for FY 2020-21.
- The filing of annual return in FORM GSTR-9 / 9A for FY 2020-21 to be optional for taxpayers having aggregate annual turnover upto Rs 2 Crore;
- The reconciliation statement in FORM GSTR-9C for the FY 2020-21 will be required to be filed by taxpayers with annual aggregate turnover above Rs 5 Crore.

Retrospective amendment in section 50 of the CGST Act with effect from July 1, 2017 providing for payment of interest on net cash basis, to be notified at the earliest.



Measures for Trade Facilitation:

➤ Amnesty scheme to provide relief to taxpayers regarding late fee for pending returns:

To provide relief to the taxpayers, late fee for non-furnishing **FORM GSTR-3B** for the tax periods from **July, 2017 to April, 2021** has been reduced / waived as under: -

- For taxpayers having NIL liability, late fee capped to a maximum of **Rs 500/- (Rs. 250/- each for CGST & SGST)** per return.
- For other taxpayers late fee capped to a maximum of **Rs 1000/- (Rs. 500/- each for CGST & SGST)** per return

The reduced rate of late fee would apply if GSTR-3B returns for these tax periods are furnished between June 01, 2021 to August 31, 2021.

➤ Rationalization of late fee imposed under section 47 of the CGST Act:

To reduce burden of late fee on smaller taxpayers, the upper cap of late fee is being rationalized to align late fee with tax liability/ turnover of the taxpayers, as follows:

- The late fee for delay in furnishing of **FORM GSTR-3B** and **FORM GSTR-1** to be capped, per return, as below:
 - **For taxpayers having nil tax liability** in **GSTR-3B** or nil outward supplies in **GSTR-1**, the late fee to be capped at Rs 500 (Rs 250 CGST + Rs 250 SGST)
 - **For other taxpayers:**
 - For taxpayers having Annual Aggregate Turnover (AATO) in preceding year upto Rs 1.5 crore, late fee to be capped to a maximum of Rs 2000 (1000 CGST+1000 SGST);
 - For taxpayers having AATO in preceding year between Rs 1.5 crore to Rs 5 crore, late fee to be capped to a maximum of Rs 5000 (2500 CGST+2500 SGST);
 - For taxpayers having AATO in preceding year above Rs 5 crores, late fee to be capped to a maximum of Rs 10000 (5000 CGST+5000 SGST).
- The late fee for delay in furnishing of **FORM GSTR-4** by composition taxpayers to be capped to Rs 500 (Rs 250 CGST + Rs 250 SGST) per return, if tax liability is nil in the return, and Rs 2000 (Rs 1000 CGST + Rs 1000 SGST) per return for others.
- Late fee payable for delayed furnishing of **FORM GSTR-7** to be reduced to Rs.50/- per day (Rs. 25 CGST + Rs 25 SGST) and to be capped to a maximum of Rs 2000/- (Rs. 1,000 CGST + Rs 1,000 SGST) per return.

All the above proposals to be made applicable for prospective tax periods.

➤ COVID-19 related relief measures for taxpayers:

In addition to the relief measures already provided to the taxpayers vide the notifications issued on May 01, 2021, the following further relaxations are being provided to the taxpayers:

➤ For small taxpayers (aggregate turnover upto Rs. 5 crore)

March & April 2021 tax periods	i. NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan , reduced rate of 9% thereafter for further 45 days and 30 days for March,2021 and April, 2021 respectively. ii. Waiver of late fee for delay in furnishing return in FORM GSTR-3B for the tax periods March / QE March, 2021 and April 2021 for 60 days and 45 days respectively, from the due date of furnishing FORM GSTR-3B . NIL rate of interest for first 15 days from the due date of furnishing the statement in CMP-08 by composition dealers for QE March 2021 , and reduced rate of 9% thereafter for further 45 days.
For May 2021 tax period	i. NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan , and reduced rate of 9% thereafter for further 15 days. Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for taxpayers filing monthly returns for 30 days from the due date of furnishing FORM GSTR-3B .

1. For **large taxpayers** (aggregate turnover more than Rs. 5 crore)
 2. A lower rate of interest @ 9% for first 15 days after the due date of filing return in **FORM GSTR-3B** for the tax period **May, 2021**.
 3. Waiver of late fee for delay in furnishing returns in **FORM GSTR-3B** for the tax period **May, 2021** for 15 days from the due date of furnishing **FORM GSTR-3B**.
2. **Certain other COVID-19 related relaxations** to be provided, such as
 - Extension of due date of filing **GSTR-1/ IFF** for the month of **May 2021** by **15 days**.
 - Extension of due date of filing **GSTR-4** for **FY 2020-21** to **31.07.2021**.
 - Extension of due date of filing **ITC-04** for **QE March 2021** to **30.06.2021**.
 - **Cumulative application of rule 36(4)** for availing ITC for tax periods April, May and June, 2021 in the **return for the period June, 2021**.
 - Allowing filing of returns by companies using Electronic Verification Code (EVC), instead of Digital Signature Certificate (DSC) **till August 31, 2021**.
3. **Relaxations under section 168A of the CGST Act:** Time limit for completion of various actions, by any authority or by any person, under the GST Act, which falls during the period from **April 15, 2021 to June 29, 2021**, to be extended upto **June 30, 2021**, subject to some exceptions.

[Wherever the timelines for actions have been extended by the Hon'ble Supreme Court, the same would apply]

Other Measures

GST Council recommended amendments in certain provisions of the Act so as to make the present system of GSTR-1/3B return filing as the default return filing system in GST.

Notification No. 15 /2021 -Central Tax- Fourth Amendment to the CGST Rules,2021

The Central Board of Indirect Taxes and Customs (CBIC) released a notification with No. **15/2021- Central Tax** on **May 18, 2021**. They shall come into force on the date of their publication in the Official Gazette.

With this notification, the Central Government, on the recommendations of the council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules,2017, Namely

➤ Time limit for submission of application for Revocation of cancellation of Registration

In **Rule 23 (Revocation of cancellation of registration)**, in **sub-rule (1)**, the words and figures “or within such time period as extended by the Additional Commissioner or the Joint Commissioner or the Commissioner, as the case may be, in exercise of the powers provided under the proviso to sub-section (1) of section 30,” shall be inserted, which enables the Additional Commissioner or commissioner, as the case may be, to **extend the time limit for submission of application for revocation of cancellation of registration** beyond the stipulated period of 30 days from the date of cancellation order.

Further, In **Form GST REG-21** i.e., Application for revocation of cancellation of registration, the words and figures “or within such time period as extended by the Additional Commissioner or the Joint Commissioner or Commissioner, as the case may be, In exercise of the powers provided under proviso to sub-section (1) of section 30,” shall be inserted.

➤ Amendments relating to E-way Bill(EWB)

In **Rule 138E**, for the words “in respect of a registered person, whether as a supplier or a recipient, who, —” the words „in respect of any **outward movement of goods of a registered person**, who, —” shall be substituted.

The above CGST Rules imposes a restriction on generation of EWB where the registered person (either supplier or recipient) fails to furnish Form **GSTR 3B/GSTR 1/ GST CMP -08** for two months/quarters.

Amendment in the CGST Rules has been made to provide that EWB shall not be allowed to be generated in respect of outward movement of goods of registered person who has not furnished the said returns.

➤ Amendments in relation to refund provisions

- In **Rule 90(3)**, Limitation period of 2 years shall exclude period from date of filing of refund application to date of deficiency memo i.e. the time period, from the date of filing of the refund claim in **FORM GST RFD-01** till the date of communication of the deficiencies in **FORM GST RFD-03** by the proper officer.
- Under GST, refund application is required to be filed within 2 years from the relevant date and where the proper officer finds any deficiency in the said application, then law requires the applicant to file a 'fresh refund application' after rectification of such deficiencies (i.e. such application is treated as fresh refund application).
- Limitation period of 2 years was not excluding the time period from the date of filing refund application till the date the deficiency memo & thus various refund applications were getting time barred.
- To overcome with this difficulty, amendment has been made in the CGST Rules to provide that the time period from the date of filing refund application till the date the deficiency memo shall be excluded in computing limitation period of 2 years.

➤ Introduction of facility to withdrawal the refund application [Rule 90(5) and (6)]

In **Rule 90(Acknowledgement)**, after sub-rule (4), the sub-rule(5) and (6) shall be inserted:

- a. In **Rule 90(5)**, the refund application can be withdrawn at any time before the issuance of provisional refund sanction order in **FORM GST RFD-04** or final refund sanction order in **FORM GST RFD-06** or payment order in **FORM GST RFD-05** or refund withhold order in **FORM GST RFD-07** or notice in **FORM GST RFD-08**, in respect of any refund application filed in **FORM GST RFD-01**, by filing an application in **FORM GST RFD-01W**.
- b. In **Rule 90(6)**, Once the said application for withdrawal of refund in **FORM GST RFD-01W** is submitted, the amount which was debited from electronic credit/cash ledger at the time of filing refund application in **FORM GST RFD-01** shall be credited back to the ledger from which such debit was made.

➤ Changes in format of Form GST RFD-07 and procedural changes for withheld of claim of refund (Rule 92 & 96)

1. In **Rule 92(Order Sanctioning Refund)**, the following changes shall be made:
 - In **sub-rule(1)**, the proviso regarding the "Order for complete adjustment of sanctioned refund" - **Part A of FORM GST RFD-07** shall be omitted.
 - In **sub-rule(2)**, for the word "**PART B**", the word "**PART A**" shall be substituted i.e. "Where the proper officer or the Commissioner is of the opinion that the amount of refund is liable to be withheld, he shall pass an order in **Part A of FORM GST RFD-07** informing him the reasons for withholding of such refund."
 - Also, a proviso shall be inserted in **sub-rule(2)**, which provides that if the proper officer or Commissioner is satisfied, he may pass an order for release of withheld refund in **Part B of FORM GST RFD-07**.
2. In **Rule 96(Refund of IGST on Exported Goods/ Services)**, the following changes shall be made:
 - In **sub-rule(6)**, for the word "**PART B**", the word "**PART A**" shall be substituted i.e. "the proper officer of central tax or State tax or Union territory tax, as the case may be, shall pass an order in **Part A of FORM GST RFD-07**".
 - In **sub-rule(7)**, Where the applicant becomes entitled to refund of the amount withheld, the concerned jurisdictional officer shall proceed to refund the amount by passing an order in **FORM GST RFD-06** after passing an order for release of withheld refund in **Part B of FORM GST RFD-07**, earlier it was "refund the amount after passing an order in **FORM GST RFD 06**".
3. **FORM GST RFD-07** has also been updated providing necessary changes as per Rule 92(2) and Rule 96(6).
4. Also, **FORM GST RFD-01 W** shall be inserted after **FORM GST RFD-01 B**.

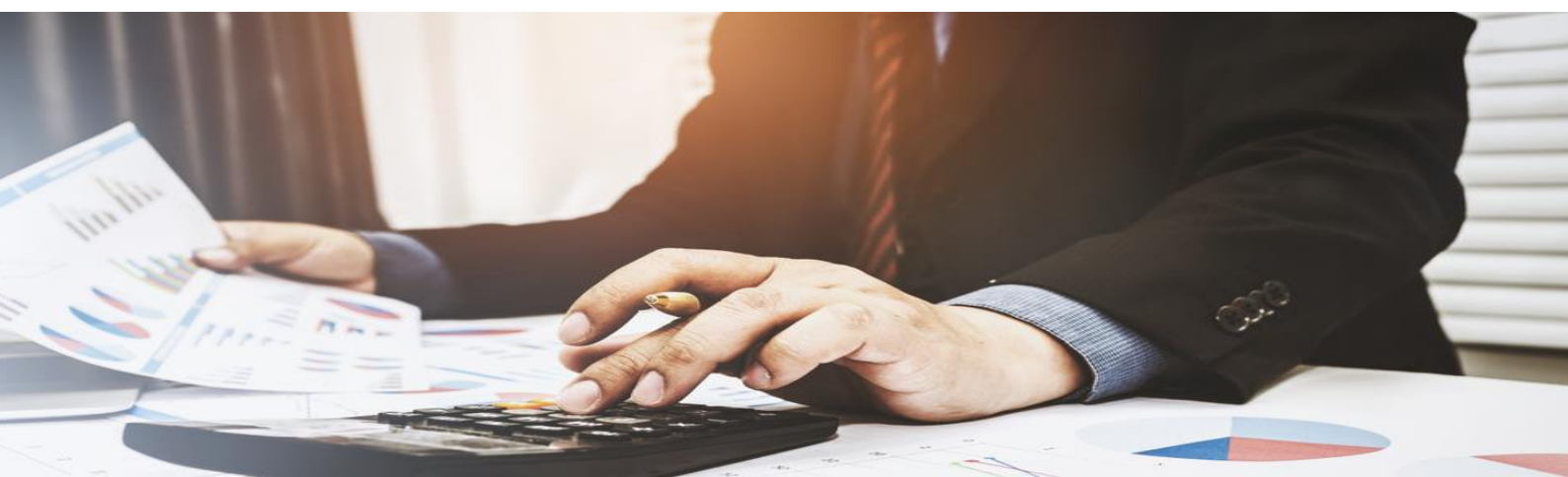
Circular No. 148/04/2021-GST- Standard Operating Procedure (SOP) for implementation

Circular No. 148/04/2021-GST- Standard Operating Procedure (SOP) for implementation of the provision of extension of time limit to apply for revocation of cancellation of registration under section 30 of the CGST Act, 2017 and rule 23 of the CGST Rules, 2017 - reg.

- Vide **Finance Act, 2020, section 30 of the CGST Act, 2017** was amended and the same has been notified with effect from 01.01.2021 vide **notification No. 92/2020-** Central Tax, dated December 22, 2020. The amended provision provides for extension of time limit for applying for revocation of cancellation of registration on sufficient cause being shown and for reasons to be recorded in writing, by:

Officer Rank	Extension
Additional/ Joint Commissioner	30 days
Commissioner	30 days (after the above period)

- Consequently, changes have also been made in **rule 23 and FORM GST REG-21** of the CGST Rules, 2017 vide notification No.15/2021- Central Tax, dated May 18, 2021.
- In order to ensure uniformity in the implementation of the provisions of above rule across the field formations, till the time an independent functionality for extension of time limit for applying in **FORM GST REG-21** is developed on the **GSTN portal**.
- The Board, hereby provides the following **guidelines for implementation** of the provision for extension of time limit for applying for revocation of cancellation of registration under the said section and rule.
- As has been provided in section 30 of the CGST Act, any registered person whose registration is cancelled by the proper officer on his own motion, may apply to such officer in **FORM GST REG-21**, for revocation of cancellation within 30 days from the date of service of the cancellation order. In case the registered person applies for revocation of cancellation **beyond 30 days**, but **within 90 days** from the date of service of the cancellation order, the following procedure is specified for handling such cases:
 - The said person may **request, through letter or e-mail**, for extension of time limit to apply for revocation of cancellation of registration to the proper officer by providing the grounds on which such extension is sought.
 - The **proper officer shall forward the request** to the jurisdictional Joint/Additional Commissioner for decision on the request for extension of time limit.
 - Joint/Additional Commissioner shall communicate where the **extension is allowed**.
 - In case the extension is not allowed, an **opportunity of being heard** shall be given before taking the decision in the matter.
 - Where an extension request is **rejected**, grounds of such rejection may be communicated to the taxpayer.
 - On receipt of the decision of the Joint/Additional Commissioner on request for extension of time limit for applying for revocation of cancellation of registration, the proper **officer shall process the application** for revocation of cancellation of registration according to the law and procedure laid down in this regard.
- The circular shall cease to have effect once the independent functionality for extension of time limit for applying in **FORM GST REG-21** is developed on the GSTN portal.



MCA UPDATES

Ministry of Corporate Affairs in view of COVID-19 has taken the following measures to reduce the compliance burden and other risks -

➤ Time Gap Between Two Board Meetings

Please note that in view of the difficulties arising due to resurgence of Covid-19, the gap between two consecutive meetings of the Board **may extend to 180 days** for the first two quarters of Financial year 2021-22 i.e. April to June 2021 and July to September 2021 instead of 120 days as required in the Companies Act, 2013.

In short, the **time gap between the two Board meetings can be 180 days** for the first 2 quarters of the Financial Year 2021-2022.

➤ Extension For Filing Of Forms Due For Filing From 1st April, 2021 To 31st May, 2021

Please note that the **forms (other than CHG-1, CHG-4 and CHG-9 creation and modification of charges)** which are due to file during the period April 04, 2021 to May 31, 2021 under the Companies Act, 2013/LLP Act, 2008 **can be filed by July 31, 2021** without any additional fees. Afterwards, the additional fees on form shall be levied with retrospective effect.

Relaxation of time for filing forms related to creation or modification of charges under Companies Act, 2013:

Applicability:- This Circular shall be **applicable in respect of filing of Form No. CHG-1 and Form No. CHG-9** by a company or a charge holder, where the date of creation/ modification of charge:

A. is before April 01, 2021, but the timeline for filing such form had not expired under section 77 of the Act as on April 01, 2021, or

B. falls on any date between April 01, 2021 to May 31, 2021 (both dates inclusive).

CASE I: Where the date of creation/modification of charge is **before April 01, 2021**, and timeline of filing of form as per section 77 i.e. 120 days has not been expired as on April 01, 2021.

In this case, form can be filed within the period beginning from April 01, 2021 and ending on May 30, 2021 and in case the form is not filed within this period then, the first day after March 31, 2021 shall be reckoned as June 01, 2021 for the purpose of counting the number of days.

Criteria of calculation of Fee: Normal fee to be charged if the form is filed on or before May 31, 2021. If the form is filed after June 01, 2021 then the applicable fees shall be charged under the Fees Rules after adding the number of days beginning from June 01, 2021 and ending on the date of filing plus the time period, lapsed from the date of the creation of charge till March 31, 2021.

CASE II: Date of creation or modification of charge falls on any day between **April 01, 2021 to May 31, 2021** (Both dates inclusive)

1. Charges created or modified on or after April 01, 2021 up to May 31, 2021 shall be eligible under this scheme.
2. The period beginning from April 01, 2021 to May 31, 2021 shall not be reckoned for the purpose of counting the number of days.
3. In case the form is not filed within such period (up to May 31, 2021) then June 01, 2021 shall be the first day to count 120 days under section 77.
4. Payment of fees:

If the form is filed on or before May 31, 2021: normal fees shall be payable under fees rules.

If the form is filed after May 31, 2021: the first day after creation/modification shall be June 01, 2021 and the number of days till the date of filing of form shall be calculated accordingly for the purpose of payment of fees.

➤ **Clarification on offsetting the excess CSR spent for FY 2019-20**

Keeping in view the spread of COVID-19 in India, an appeal was made to MDs/CEOs of top 1000 companies in terms of market capitalization, to contribute generously to “Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund” (PM CARES Fund). In the appeal, it was mentioned that such contribution may, inter-alia, include the unspent CSR amount, if any, and an amount over and above the minimum prescribed CSR amount for FY 2019-20, which can later be offset against the CSR obligation arising in subsequent financial years.

In pursuance to the said appeal, certain companies claimed to have contributed CSR funds to the ‘PM CARES Fund’ over and above their prescribed CSR amount for FY 2019-20. Several representations have been received in the Ministry for setting off the excess CSR amount spent by the companies in FY 2019-20 by way of contribution to ‘PM CARES Fund’ against the mandatory CSR obligation for FY 2020-21.

The issues raised in the said representations have been examined in the Ministry and accordingly, it is hereby clarified that where a company has contributed any amount to ‘PM CARES Fund’ on March 31, 2020, which is over and above the minimum amount for FY 2019-20, and such excess amount or part thereof is offset against the requirement to spend for FY 2020-21 in terms of the aforementioned appeal, then the same shall not be viewed as a violation subject to the conditions that:

- i. the amount offset as such shall have factored the unspent CSR amount for previous financial years, if any;
- ii. the Chief Financial Officer shall certify that the contribution to “PM CARES Fund” was indeed made on March 31, 2020 in pursuance of the appeal and the same shall also be so certified by the statutory auditor of the company; and
- iii. the details of such contribution shall be disclosed separately in the Annual Report on CSR as well as in the Board’s Report for FY 2020-21.

➤ **List of Forms where additional fees has been waived off by the Ministry of Corporate Affairs circular dated May 28, 2021.**

S. No.	Form Id	Form Description
1	Form CHG-1	Application for registration of creation, modification of charge (other than those related to debentures)
2	Form CHG-9	Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures
3	FORM ADT-1	Information to the Registrar by company for appointment of auditor
4	FORM INC-22	Notice of Situation or Change of situation of Registered Office of the Company
5	FORM NDH-3	Return of Nidhi Company for the half year ended
6	FORM FC-4	Annual Return of a Foreign Company
7	FORM MSC-3	Return of dormant companies
8	FORM INC-27	Conversion of public company into private company or private company into public company
9	FORM NDH-2	Application for extension of time
10	FORM-IEPF-3	Statement of shares and unclaimed or unpaid dividend not transferred to the Investor Education and Protection Fund
11	FORM AOC-4	Form for filing financial statement and other documents with the Registrar

12	FORM AOC-4 NBFC	Form for filing financial statement and other documents with the Registrar for NBFCs
13	FORM AOC-4 XBRL	Form for filing XBRL document in respect of financial statement and other documents with the Registrar
14	FORM MGT-7	Form for filing annual return by a company.
15	LLP Form 3	Information with regard to limited liability partnership agreement and changes, if any, made therein
16	LLP Form-11	Annual Return of LLP
17	FORM DIR-11	Notice of resignation of a director to the Registrar
18	FORM MGT-14	Filing of Resolutions and agreements to the Registrar
19	FORM INC-20A	Declaration for commencement of business
20	FORM MGT-15	Form for filing Report on Annual General Meeting
21	FORM PAS-6	Reconciliation of Share Capital Audit Report (Half-yearly)
22	FORM AOC-4 CFS NBFC	Form for filing consolidated financial statements and other documents with the Registrar for NBFCs
23	FORM AOC-4 CFS	Form for filing consolidated financial statements and other documents with the Registrar
24	FORM FC-1	Information to be filed by foreign company
25	FORM FC-2	Return of alteration in the documents filed for registration by foreign company
26	FORM PAS-3	Return of allotment
27	FORM MR-1	Return of appointment of MD/WTD/Manager
28	FORM INC-4	One Person Company- Change in Member/Nominee
29	FORM INC-6	One Person Company- Application for Conversion
30	Form IEPF-5 eVerification Report	Company eVerification Report
31	FORM INC-20	Intimation to Registrar of revocation/surrender of license issued under section 8
32	FORM NDH-4	Application for declaration as Nidhi Company and for updation of status by Nidhis
33	FORM IEPF-4	Statement of shares transferred to the Investor Education and Protection Fund
34	FORM GNL-3	Details of persons/directors/charged/specified
35	FORM MGT-6	Persons not holding beneficial interest in shares
36	FORM GNL-2	Form for submission of documents with the Registrar
37	FORM ADT-3	Notice of Resignation by the Auditor

38	FORM DIR-12	Particulars of appointment of Directors and the key managerial personnel and the changes among them
39	FORM SH-11	Return in respect of buy-back of securities
40	FORM CRA-4	Form for filing Cost Audit Report with the Central Government.

AUDIT & ASSURANCE UPDATES

ICAI issues exposure draft of revised Accounting Standard

The ICAI has come up with an exposure draft for a revised accounting standard on income taxes to be **applicable on entities that are not required to** adopt the Indian Accounting Standards (**Ind AS**) notified by the Corporate Affairs Ministry.

Currently, all listed companies and unlisted companies - with a networth of ₹250 crore and above - are required to adopt the Ind AS. For other corporate and non-company entities, the accounting standards specified by the ICAI are applicable.

The exposure draft on Accounting Standard for Income Taxes (AS 12) is the latest among the several standards that are proposed to be revised. The entire set of revised standards are expected to be implemented at one go in a future date and the timeline for this is not yet decided.

One of the **main change** in the revised accounting standard on income taxes, as against the existing AS 22, will be on the aspect of recognition of deferred taxes. Earlier, when there was **unabsorbed depreciation or carry forward losses**, there was a question whether deferred taxes should be recognised and will there be future profit to realise the deferred taxes.

Comparison with existing AS 22, Accounting for Taxes on Income

As per revised AS 12, deferred tax asset is recognised for all timing differences to the extent that it is probable that sufficient taxable profit will be available against which the timing difference can be realised. The criteria for recognizing deferred tax assets arising from unabsorbed depreciation and carry forward of losses are the same that for recognising deferred tax assets arising from timing differences. However, the existence of unabsorbed depreciation and carry forward of losses is strong evidence that future taxable profit may not be available. Therefore, when an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unabsorbed depreciation and carry forward of losses only to the extent that it has timing differences the reversal of which will result in sufficient income or there is other convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

While, as per existing AS 22, deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Where deferred tax asset is recognised against unabsorbed depreciation or carry forward of losses under tax laws, it is recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

RBI issues guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of banks, NBFCs

The Reserve Bank of India, issued guidelines for appointment of statutory auditors of banks and non-banking finance companies (NBFCs), including housing finance companies.

The guidelines provide necessary instructions for appointment of SCAs/SAs, the number of auditors, their eligibility criteria, tenure and rotation, while ensuring the independence of auditors

Applicability

- These guidelines will be applicable to the **Commercial Banks (excluding RRBs), UCBs and NBFCs including HFCs** (hereinafter referred to as the Entities) for Financial Year 2021-22 and onwards in respect of appointment/reappointment of SCAs/SAs1 of the Entities. However, non-deposit taking **NBFCs with asset size below ₹1,000 crore** have the option to continue with their extant procedure.
- UCBs and NBFCs shall have the **flexibility to adopt** these guidelines from second half of FY 2021-22.

Prior Approval of RBI

- Commercial Banks (excluding RRBs) and UCBs will be required to take **prior approval of RBI** for appointment/reappointment of SCAs/SAs, on an annual basis.
- While NBFCs do not have to take prior approval of RBI for appointment of SCAs/SAs, **all NBFCs need to inform RBI** about the appointment of SCAs/SAs for each year in prescribed certificate.

Number of SCAs / SAs and Branch Coverage

- For Entities with asset size of ₹15,000 crores and above as at the end of previous year, the statutory audit should be conducted under joint audit of a minimum of two audit firms [Partnership firms/Limited Liability Partnerships (LLPs)]. All other Entities should appoint a minimum of one audit firm (Partnership firm/LLPs) for conducting statutory audit. It shall be ensured that joint auditors of the Entity do not have any common partners and they are not under the same network of audit firms.
- The Entities should decide on the number of SCAs/SAs based on a Board/Local Management Committee (LMC) Approved Policy, inter alia, taking into account the relevant factors.

Considering the above factors and the requirements of the Entity, the actual number of SCAs/SAs to be appointed shall be decided by the respective Boards/LMC, subject to the following limits:

Sl. No.	Asset Size of the Entity	Maximum number of SCAs/SAs
1.	Upto ₹5,00,000 crore	4
2.	Above ₹ 5,00,000 crore and Upto ₹ 10,00,000 crore	6
3.	Above ₹ 10,00,000 crore and Upto ₹ 20,00,000 crore	8
4.	Above ₹ 20,00,000 crore	12

Basic Eligibility Criteria for Appointment as SCA/SA

Asset Size of Entity as on 31st March of Previous Year	Minimum No. of Full-Time partners (FTP) associated with the firm for a period of at least three (3) years	Out of total FTPs, Minimum No. of Fellow Chartered Accountant (FCA) Partners associated with the firm for a period of at least three (3) years	Minimum No. of Full Time Partners/ Paid CAs with CISA/ISA Qualification	Minimum No. of years of Audit Experience of the firm	Minimum No. of Professional staff
Above ₹15,000 crore	5	4	2	15	18
Above ₹ 1,000 crore and Up to ₹15,000 crore	3	2	1	8	12
Upto ₹1,000 crore	2	1	1*	6	8

* Not mandatory for UCBs/NBFCs with asset size of upto ₹ 1,000 crore.

Tenure and Rotation

- In order to protect the independence of the auditors/audit firms, Entities will have to appoint the SCAs/SAs for a continuous period of **three years**, subject to the firms satisfying the eligibility norms each year. Further, Commercial Banks (excluding RRBs) and UCBs can remove the audit firms during the above period only with the prior approval of the concerned office of RBI (Department of Supervision), as applicable for prior approval for appointment. **NBFCs removing the SCAs/SAs before completion of three years tenure shall inform concerned SSM/RO at RBI about it**, along with reasons/justification for the same, within a month of such a decision being taken.
- An audit firm would **not be eligible** for reappointment in the same Entity **for six years (two tenures)** after completion of full or part of one term of the audit tenure. However, audit firms can continue to undertake statutory audit of other Entities.

IASB clarifies the accounting for deferred tax on leases and decommissioning obligations

The International Accounting Standards Board (Board) has issued targeted amendments to IAS 12, the IFRS Standard on income taxes, to specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future.

- In specified circumstances, **companies are exempt from recognising deferred tax** when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.
- The amendments clarify that the **exemption does not apply and that companies are required to recognise deferred tax on such transactions**. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.
- The amendments are **effective** for annual reporting periods beginning on or after **January 1, 2023**, with early application permitted.



COMPLIANCE CALENDAR

Direct Taxes

June 7, 2021

- Due date for deposit of Tax deducted/collected for the month of May, 2021. However, all sum deducted/collected by an office of the government shall be paid to the credit of the Central Government on the same day where tax is paid without production of an Income-tax Challan.

June 14, 2021

- Due date for issue of TDS Certificate for tax deducted under section 194-IA, IB and M in the month of April, 2021.

June 15, 2021

- Quarterly statement of TCS deposited for the quarter ending March 31, 2021
- First instalment of advance tax for the assessment year 2022-23
- Due date for furnishing statement in Form no. 3BB by stock exchange in respect of transactions in which client codes have been modified after registering in the system for the month of May, 2021

June 30, 2021

- Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, M and IB in the month of May, 2021.

Return in respect of securities transaction tax for the financial year 2020-21

- Return of tax deduction from contributions paid by the trustees of an approved superannuation fund.
- Report by an approved institution/public sector company under Section 35AC(4)/(5) for the year ending March 31, 2021.
- Due date for linking of Aadhaar number with PAN.
- Quarterly statement of TDS deposited for the quarter ending March 31, 2021.
- Due date for furnishing of statement of financial transaction (in Form No. 61A) as required to be furnished under sub-section (1) of section 285BA of the Act respect for financial year 2020-21.
- Due date for e-filing of annual statement of reportable accounts as required to be furnished under section 285BA(1)(k) (in Form No. 61B) for calendar year 2020 by reporting financial institutions.
- Return of tax deduction from contributions paid by the trustees of an approved superannuation fund

- Furnishing of statement (in Form No. 64D) of income paid or credited by an investment fund to its unit holder for the Previous year 2020-21

Indirect Taxes

June 10, 2021

- Due date for filing of GSTR 7 (Tax C) and GSTR 8 (Tax Collector).

June 13, 2021

- Due date for filing of GSTR 6 (ISD).

June 20, 2021

- Due date for filing of GSTR 3B (Regular Tax Payer)
- Due date for filing of GSTR 5 (Non-Resident Taxable Person).
- Due date for filing of GSTR 5A (Non-Resident OIDAR Service Provider).

June 25, 2021

GST Challan Payment under PMT-06 if no sufficient ITC for April (for all Quarterly Filers)

June 26, 2021

Due date for filing of GSTR 1 for regular taxpayers.

June 28, 2021

Due date for filing of GSTR1 of QRMP scheme IFF (Optional)



Do You Know?

COVID-19 related medical goods including Amphotericin B for free distribution have been recommended for full exemption from IGST upto August 31, 2021. Custom duty exemption also given to Amphotericin B. Amnesty Scheme to provide relief to taxpayers regarding late fee for pending returns; Late fee also rationalized for future tax periods. Also, Simplification of Annual Return for Financial Year 2020-21.



CA PRAVESH GOEL
Managing Partner



Email - pkg@nucleusadvisors.in



CA Hemendra Singh Chauhan
Associate Partner



Email - hemendra@nucleusadvisors.in



CS Neha Rathore
Secretarial Partner



Email - neha@nucleusadvisors.in

ABOUT US

Nucleus AAR Advisors LLP is an Investment Banking and Risk Advisory Firm providing specialized services in the field of Startup Advisory, M&A Advisory, International Taxation, Audit & Assurance. We partner with entrepreneurs in their critical decision making by providing them various analysis customized as per their requirement. We also help in the effective implementation of decisions and its subsequent monitoring as well.

Team Nucleus is comprised of people from Big4s and reputed consulting firms with combined experience of 30+ years. Team is distinguished by their functional and technical expertise combined with their hands-on experience, thereby ensuring that our clients receive the most professional



Gurugram | Noida | Bangalore |
Delhi | Jaipur



www.nucleusadvisors.in



[www.linkedin.com/company/
nucleusadvisors](https://www.linkedin.com/company/nucleusadvisors)



+91-99999 57077



info@nucleusadvisors.in