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THE DAILY LIFELINE

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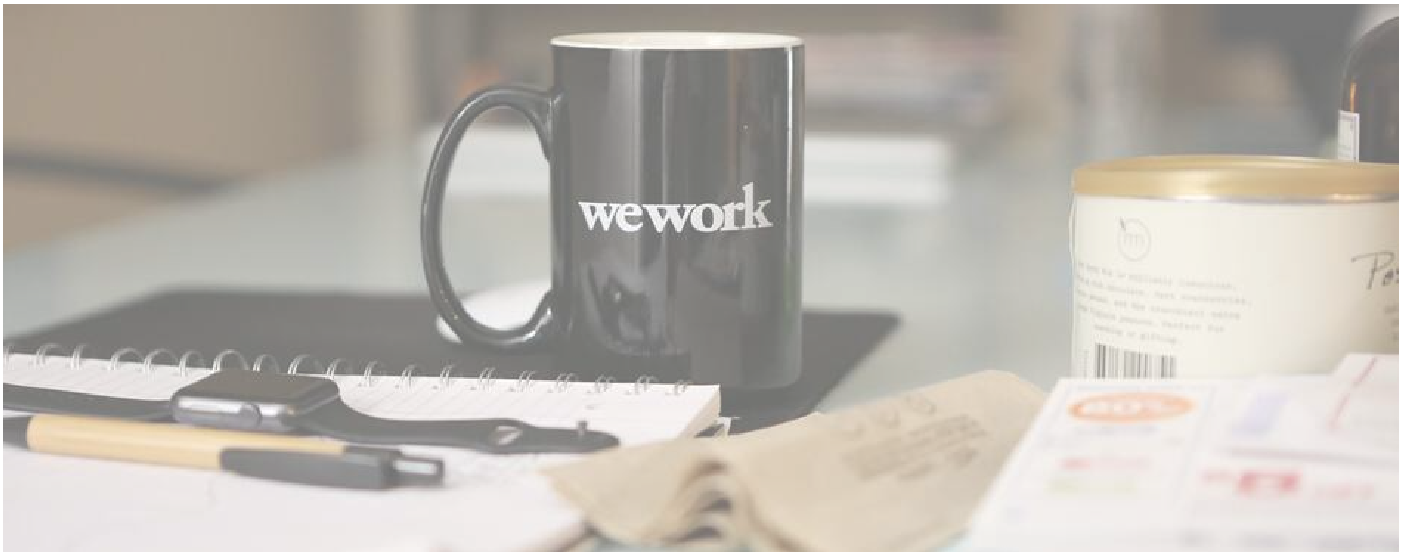

WHAT'S NEW IN PROFESSIONAL/ BUSINESS WORLD TODAY:

Goods & Service Tax
Direct Tax Code
Income Tax
Economy | Finance

BIGGEST CHALLENGE- HOW TO KEEP UPDATED ON DAILY BASIS

By Pradeep Goyal, FCA | ACPA, Australia

Laws are changing frequently in India, there are big developments and announcements on daily basis in Economic & Finance world and many other reforms are on the way. This newsletter will keep you updated on daily basis along with documents taken from authentic sources.

INDEX

UPDATES RELATED TO

- **New Direct Tax Code-Ministry of Finance**
- **Goods & Service Tax by CBIC**
- **Income Tax by CBDT**
- **Announcement by ICAI**
- **Announcements by ICSI**
- **Corporate Laws by MCA**
- **The Insolvency and Bankruptcy Law by IBBI**
- **Listing/Market by SEBI**
- **Foreign Trade Policy by DGFT**
- **Start-ups by Start Up India Department**
- **Micro, Small & Medium Enterprises by Ministry of MSME**
- **Money Market/Banks by RBI**
- **New acts notified/Bills introduced in parliament or Executive orders by President**
- **Latest developments in Economy & Finance world.**

Updates related to Goods & Service Tax & other Indirect taxes by CBIC

- **Notification/Circular/Press release/FAQs/Portal Update/Write-up by CBIC**

❖ **CBIC issues GST Weekly update dated 28th December, 2019**

It covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 21.12.2019. It supplements the earlier GST Updates.

Download your copy here

❖ Government amended notification No. 01/2017-Central Tax (Rate), to change the rate of GST on goods as per recommendations of the GST Council in its 38th Meeting- Notification No. 27/2019-Central Tax (Rate) dated 30-12-2019.

In the said notification, -

(a) in Schedule II - 6%, serial numbers 80AA and 171A and the entries relating thereto shall be omitted;

(b) in Schedule III - 9%, after serial number 163A and the entries relating thereto, the following serial numbers and entries shall be inserted, namely: -

"163B	3923 or 6305	Woven and non-woven bags and sacks of polyethylene or polypropylene strips or the like, whether or not laminated, of a kind used for packing of goods;
163C	6305 32 00	Flexible intermediate bulk containers".

Download notification here

❖ **CBIC E-flyer on Appeals and Review Mechanism**

Download here

❖ **Know the Truth about E-Invoice**

At initial stage, E-Invoice is mandatory for B2B & Exports transactions only.

❖ **CBIC clarified few issues as below-**

- Exporters already been paid IGST refund of over Rs.1.12 lakh Crores and over 83,500 exporters have been benefited by these refunds. This shows that the government's efforts to fast track refunds under GST especially to exporters are yielding results.

- Refunds of only Rs. 3,604 Crores are pending with Customs and out of about 185,000 exporters, a total of 6,421 exporters (about 3.4% only) including some 'star exporters' have been identified as risky and hence, red flagged. Even some of the 'star exporters' are not traceable.

- While the focus is on quick disbursal of pending refunds to exporters, data analytics has been used to identify 'risky' exporter entities that take input tax credit fraudulently and monetize it by paying IGST and taking refund thereof or taking refund of the accumulated ITC.

- These exporters are being subject to KYC and verification process before the grant of refund. The verification so far has revealed that 1,241 exporters are not traceable at their given addresses, which include 8 'star exporters'.

- In addition, adverse verification reports have been received in the case of 399 exporters, which also include 4 'star exporters'.

- Since the advent of GST, 77% of India's exports have been under Letter of Undertaking (LUT), which are unaffected by the verification exercise being done by the CBIC officials.

- Even in respect of the exporters identified as risky, the Government is taking all necessary steps to expedite the verification.

- At the same time, the Government remains concerned about the misuse of the facility of ITC credit and refunds by few unscrupulous exporters.

- **Legal updates- Court/AAARA judgements/Advance Rulings**
  [AAARA- Appellate Authority for Advance Ruling | ARA- Advance Ruling Authority]

Sr.No.	Key to find the document	Court/ARA/AAAR	Description	
			Ruling/ Judgement	Summary
1	[2019] 112 taxmann.com 370 (Gujarat) Synergy Fertichem (P.) Ltd. v. State of Gujarat R/SPECIAL CIVIL APPLICATION NOS. 4730, 6118, 6125 OF 2019 & OTHS. DECEMBER 23, 2019	Gujrat High Court	Order	Section 130, which provides for confiscation of goods or conveyance is not dependent or subject to Section 129 which talks about detention, seizure and release of goods and conveyances in transit; for purpose of issuing notice of confiscation under Section 130, authority concerned should make out a very strong case that contravention was with a definite intent to evade payment of tax; mere suspicion is not sufficient.

- **News/Latest Developments/Other updates**

- **GST facelift: Electronic invoicing, new returns to be introduced in 2020**

  Two things that will change the way transactions are reported under the goods and services tax (GST) system in 2020 are electronic invoicing and new returns. While both of these will be introduced mandatorily from April 1, e-invoicing would be implemented on a voluntary basis by those having an annual turnover of above Rs500 crore from January 1. Those with an annual turnover of over Rs100 crore can use e-invoicing from February 1. Finally, those with annual turnover of over Rs100 crore will have to use e-invoicing system from the beginning of the next financial year.

  In the e-invoicing system, the invoices are authenticated electronically by GST Network (GSTN) for further use on the common GST portal. Two procedures are required in e-invoicing system — generation of invoices in standard format and reporting it on to a central portal system.

  Source- Business Standard Report

Updates related to Income Tax by CBDT

- **Notification/Circular/Press release/FAQs**

- The due date for linking of PAN with Aadhaar as specified under sub-section 2 of Section 139AA of the Income-tax Act,1961 has been extended from 31st December, 2019 to 31st March, 2020.

  Notification no.107 of 2019 dated 30/12/2019 issued by CBDT.

- **In Income Tax Rules, New Rule 119AA inserted with effect from 01.01.2020 regarding Modes of payment for the purpose of section 269SU [Income-tax (16th Amendment) Rules, 2019.**

  Rule 119AA

  Every person, carrying on business, if his total sales, turnover or gross receipts, as the case may be, in business exceeds fifty crore rupees during the immediately preceding previous year shall provide facility for accepting payment through following electronic modes, in addition to the facility for other electronic modes of payment, if any, being provided by such person, namely: —

  (i) Debit Card powered by RuPay;

  (ii) Unified Payments Interface (UPI) (BHIM-UPI); and

  (iii) Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code)."

  [Notification no. G.S.R. 960(E) dated 30.12.2019]

Updates related to Announcement by ICAI

- ICAI Diary & Calendar for the year 2020 and Notebooks are available for sale on CDS portal. The orders can be placed against payment at icai-cds.org under "mementos" section by simply signing in/sign up at icai-cds.org online portal.
  Read the announcement here

Corporate Laws by MCA

- **MCA issues circular to relax additional fees and extension of last date of filing of CRA-4 (cost audit report) for FY 2018-19 under the Companies Act, 2013.**
  The last date of filing of CRA-4 (cost audit report) for all eligible companies for the Financial Year 2018-19, without payment of additional fee, has been further extended till 29. 02.2020. This extension is given for the entire process starting from 'preparation of Annexures to the Cost Audit Report to submission of Cost Audit Report by the Cost Auditor to the Company' and finally, filling of Cost Audit Report by the Company with the Central Government.
  [Circular No 17/2019 dated 30.12.2019]

The Insolvency and Bankruptcy Law.

- **Legal updates- NCLAT | Court**

Sr.No.	Key to find the document	NCLAT/Court	Summary
1	[2019] 112 taxmann.com 232 (NCL-AT) Navdeep Rinwa v. Hexagon Nutrition (P.) Ltd. COMPANY APPEAL (AT) (INSOLVENCY) NO. 1099 OF 2019† NOVEMBER 11, 2019	NCL-AT Delhi	Where matter had been settled and due amount had already been paid by corporate debtor to operational creditor and committee of creditors had not been yet constituted, order initiating CIRP under section 9 against corporate debtor was to be set aside

- **News/Latest Developments/Other updates**

❖ **DHFL creditors claim more than ₹87,000 crores under IBC process**

Lenders, bondholders, employees and other creditors to Dewan Housing Finance Corp. Ltd (DHFL) have claimed dues of ₹87,905.6 crores under the insolvency resolution process, showed data on the debt-laden shadow lender's website. This does not include holders of fixed deposits (FD), to whom DHFL owed ₹6,188 crores as on 6 July. The claims were submitted to DHFL's administrator R. Subramaniakumar, a former managing director and chief executive of Indian Overseas Bank. According to the latest available data, financial creditors, including bondholders, have claimed dues of ₹86,892.3 crores. While bondholders have claimed ₹45,550.07 crores, lenders and other financial creditors have sought ₹41,342.23 crores from the mortgage lender.

Mint Report

❖ **IBC finds lost treasure for banks; other bad loan recovery tools fail to recreate same success.**

While commercial banks recovered a whopping Rs 70,819 crore of stressed assets in FY19 under the government's flagship scheme Insolvency and Bankruptcy Code (IBC), other recovery methods failed to recreate IBC success. In fiscal 2017-2018, banks filed 33.17 lakh cases with Lok Adalats, and managed to recover only Rs 1,811 crore from disputed amount of Rs 45,728 crore; which is about 4% of the disputed amount. While Indian Scheduled commercial banks recovered a whopping Rs 70,819 crore of stressed assets in FY 2018-19 under the government's flagship scheme Insolvency and Bankruptcy Code (IBC), other recovery methods failed to recreate IBC success, according to a report by RBI. The amount recovered in the financial year 2018-19 under IBC also rose and is significantly more than that recovered by banks in FY 2017-18.

Recovery process via other methods didn't fare well for banks. These methods include recovery via Lok Adalats, Debt Recovery Tribunals (DRT), Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act. While the number of cases reported before Lok Adalat increased, only Rs 2,816 crore of the total disputed amount of Rs 53,506 crore was recovered in FY19. This amounts to mere 5.3% resolution. In the fiscal 2017-2018, banks filed 33.17 lakh cases with Lok Adalats, and managed to recover only Rs 1,811 crore from disputed amount of Rs 45,728 crore; which is about 4% of the disputed amount.

Finance Express Report

Updates related to Latest developments in Economy & Finance world

❖ **10-year bond yields rise on RBI's special open market operations**
The Reserve Bank of India (RBI) on Monday bought Rs 10,000 crore of 10-year bonds from the secondary market, while selling Rs 8,501 crore of short-term bonds, in the special open market operations (OMO), held for the second time this calendar year. [Business Standard Report]

❖ **Dispose of 5-year-old pending cases by March, CBDT tells officials**
In a bid to unlock revenue and improve litigation management, the Central Board of Direct Taxes (CBDT) has directed officials to dispose of cases which are pending at the commissioner's level for over five years. They have to do this by the end of the current financial year, according to two sources privy to the development. The sources said about 31,000 cases worth about Rs 500 crore are pending before the commissioner of income tax (I-T) (appeals) for more than five years and have been stayed by the judicial authorities. The apex body wants to make this "nil" by March 31, 2020.
Business Standard Report

❖ **Commerce Ministry to review existing free trade agreements: Piyush Goyal**
Commerce and Industry Minister Piyush Goyal on Monday said his ministry will review all existing free trade agreements (FTAs) with different countries to protect interest of industry and traders. Addressing domestic traders here, he said India also decided to walk out from the Regional Comprehensive Economic Partnership agreement, keeping in view the interest of small traders and dairy industry. Goyal said that FTAs with countries like Japan, South Korea, and Asean provided duty-free access to Indian markets, but domestic goods face barriers in these countries. Business Standard Report

❖ **MSE sentiment down for the third quarter in a row: CRISIL-SIDBI survey**
The reading on the index for January-March 2019 was 122; it was 128 in the October-December 2018 quarter and 124 in the July-September 2018 quarter.
Read this report from BS

Knowledge shared= Knowledge^2

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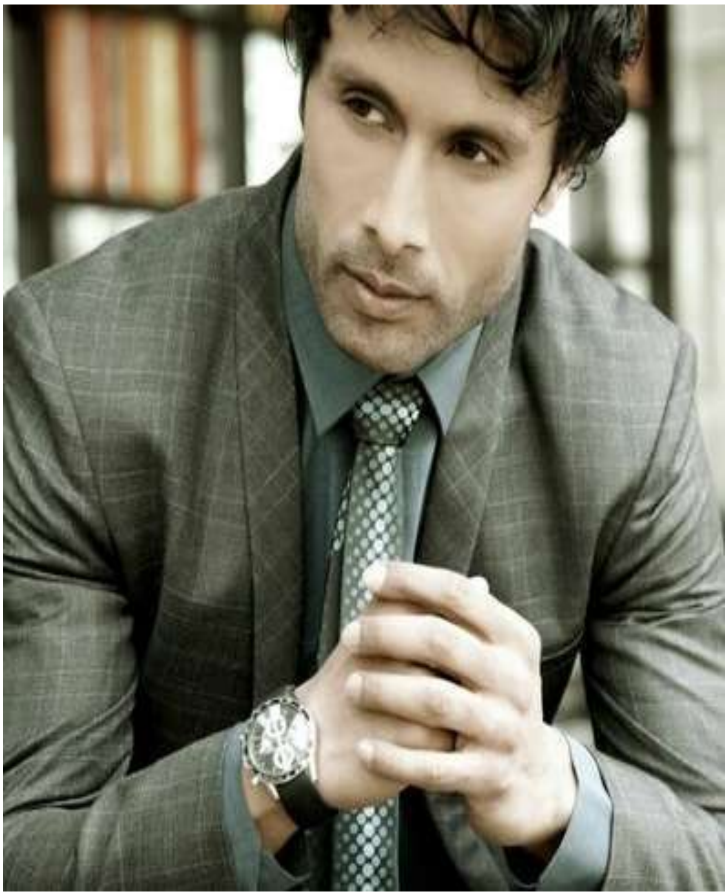

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Profile

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