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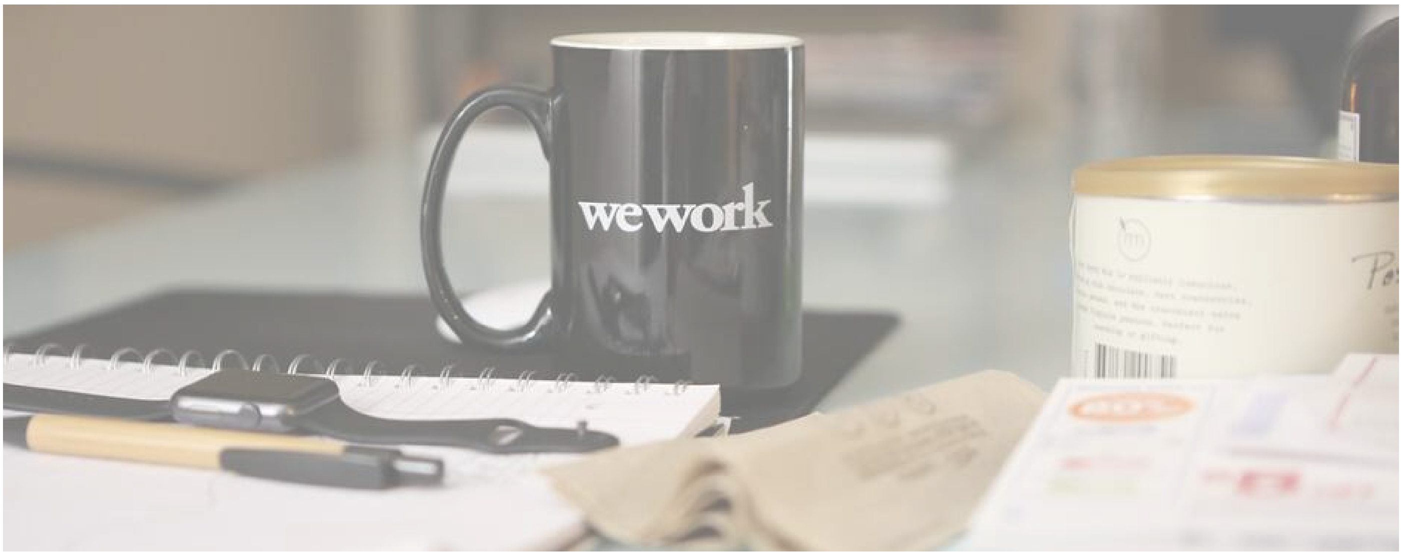
THE DAILY LIFELINE

Official Newsletter of Diucon



WHAT'S NEW IN PROFESSIONAL/ BUSINESS WORLD TODAY

Goods & Service Tax
Direct Tax Code
Income Tax
Economy | Finance
Insolvency Laws
Corporate Laws

BIGGEST CHALLENGE- HOW TO KEEP UPDATED ON DAILY BASIS

By Pradeep Goyal, FCA | CFA | CPA, Australia | Registered Valuer | Insolvency Professional | ID-IICA | ICAI Certified GST Expert

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**
- **Goods & Service Tax & Other Indirect Taxes**
- **Income Tax**
- **Announcements by ICAI**
- **Announcements by ICSI**
- **Corporate Laws**
- **The Insolvency and Bankruptcy Law**
- **Security and Exchange Board of India (SEBI)**
- **Director General of Foreign Trade (DGFT)**
- **Start-ups**
- **Micro, Small & Medium Enterprises**
- **Reserve Bank of India**
- **New acts notified/Bills introduced in parliament or Executive orders by President**
- **Economy & Finance.**

[From Monday to Friday 5 days a week as Saturdays and Sundays being holiday and closure of all government departments hence no updates]

Goods & Service Tax & other Indirect taxes

- **Notifications/Circulars/Press releases/FAQs/Portal Updates/Write-ups by CBIC/Government**

  - **CBIC issues its Weekly GST Update dated 14th March, 2020.**

    It covers the GST changes / observations/ press releases/ Tweet FAQs/ Sectoral FAQs released by CBEC since the last update on 07.03.2020. It supplements the earlier GST Updates.

    Download here

  - **Due dates of filing Form GSTR 3B, for the month of February, 2020**

    Government of India vide Notification No. 07/2020 – Central Tax, dated 03rd February, 2020, has staggered filing of Form GSTR-3B, for the month of February 2020, in the manner as given below:

Sl. No.	Taxpayers with aggregate turn over (PAN based) in the previous financial year	And Taxpayers having principal place of business in the State/ UT of	Due date of filing of Form GSTR 3B, for the month of February, 2020 is
1.	More than Rs 5 Crore	All States and UTs	20th March, 2020
2.	Upto Rs 5 Crore	State of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep	22nd March, 2020
3.	Upto Rs 5 Crore	State of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi	24th March, 2020

  - **Forms available on GST Portal for Taxpayers and Tax Officials.**

    Government has issued various forms for GST related compliances to be made by taxpayers and for taking actions on them by tax officials. Various forms issued for registration, filing returns or refunds etc. have been made available on the GST Portal.

    - ✓ To know about the details of GST Forms, made available for taxpayers and tax officials, on GST Portal, click here
    - ✓ To download all notified forms, Click Here
    - ✓ To download all MOV forms (FORMS GST MOV-01 to GST MOV-11), Click here

  - **24x7 Customs clearances at all Customs formations by CBIC**

    This is to help cope with supply chain disruptions due to corona virus outbreak across the world (Refer Circular 02/2020-Customs dated Feb 20,2020).

    Source- CBIC Twitter account.

- **Legal updates- Advance Ruling Authorities/Tribunals/High Courts/Supreme Court**

Sr.No.	Key to find the document	Authority who passed the order	Details of decision	
			Provisions discussed	Decision
1	[2020] 115 taxmann.com 34 Obelisk Composite Technology LLP v. Union of India CWPN 18392 OF 2019	High Court of Rajasthan	Section 140 r/w Rule 117	Where assessee was unable to file Form GST TRAN-1, it was to be directed to make an application before GST Council, who would issue necessary recommendation to Commissioner to enable assessee to get benefit of cenvat credit.
2	[2020] 115 taxmann.com 216 Vidit Builders, In re CASE NO. 19/2019 AND ORDER NO. 02/2020 JANUARY 6, 2020	Authority for Advance Rulings, Madhya Pradesh	Schedule III	Where applicant has entered into JDA with land owners for development of plots which also includes construction of concrete roads & compound walls, development of garden, construction of drain & water supply system & erection of electric poles & transformer etc., since service provided by applicant is regarding development of site which includes civil construction and amenities regarding site in order to make it for purpose of residence, activities undertaken by applicant are not qualified to be covered under entry number 5 of Schedule III of the said Act. Thus, activities to be performed by applicant amount to a supply of service under works contract and is liable to be taxed under GST

Sr.No.	Key to find the document	Authority who passed the order	Details of decision	
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3	[2020] 115 taxmann.com 33 Sarthak Metals Ltd. v. Chhattisgarh GST Through Commissioner W.P.T. NO. 148 OF 2019 DECEMBER 11, 2019	High Court of Chhattisgarh	Section 16, read with section 107.	Where Competent Authority issued on assessee a show cause notice proposing to debit certain amount into input tax credit and thereafter passed an order in pursuance to show cause notice and assessee did not respond to show cause notice nor taken any steps for challenging impugned order and filed writ petition only after impugned order was acted upon, writ petition would not be maintainable at this juncture.
4	[2020] 115 taxmann.com 82 Sutherland Mortgage Services INC. v. Principal Commissioner W.P. (C). NO. 32634 OF 2019 FEBRUARY 3, 2020	Kerala High Court	Section 97	Determination of place of supply' would fall under umbrella of section 97(2) thus such question can be decided by AAR.

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

- **Officers of Anti-Evasion, CGST, Delhi East, have unravelled an operation involving availment of fraudulent Input Tax Credit on the basis of fake invoices.**
  - Officers of Anti-Evasion, CGST, Delhi East, have unravelled an operation involving availment of fraudulent Input Tax Credit on the basis of fake invoices and evasion of GST by utilizing the said fraudulent ITC to the tune of Rs. 24 crores approx. by M/s Shub Conductors LLP;
  - Investigation was initiated against Shub Conductors LLP on intelligence that the firm had been availing fraudulent ITC on the basis of fake invoices raised by fictitious suppliers. Searches were conducted in premises of Shub Conductors along with suppliers suspected of being fake;
  - It was found that among other firms, M/s Een Een Sales Corporation and M/s A.N. Marketing had passed on fake ITC to M/s Shub Conductors. During investigation, Shri Naresh Goel and Shri Anil Kumar Yadav, proprietors of M/s Een Een Sales Corporation;
  - and M/s A.N. Marketing respectively, agreed to have passed on fraudulent ITC to M/s Shub Conductors LLP, among other parties, by raising fake invoices without actual supply of goods. The suppliers of Een Een Sales Corporation and A.N. Marketing were also found to be non-existent;
  - Consequently, both Shri Naresh Goel and Shri Anil Kumar Yadav were arrested under Section 69(1) of the CGST Act, 2017, on 29.01.2020 and remanded to judicial custody;
  - The investigation further revealed that at least 7 firms were floated in the names of fictitious entities for the sole purpose of creating a complex network of transactions among themselves, including transfer of money in bank accounts to make them appear genuine;
  - This enabled them to raise fake invoices to manufacturers such as M/s Shub Conductors LLP, who availed the fraudulent Input Tax Credit without actual receipt of goods. The money received in Bank accounts was then withdrawn and routed back in cash to the recipients;
  - Thus, the operation involved not only violation of GST law but also laundering of money. Searches were conducted in the business of M/s Shub Conductors LLP, as well as the residential premises of the partners, namely, Shri Vishal Gupta and his wife, Smt. Divya Gupta;
  - The partners were not found to be present in either of the locations. Thereafter, both the partners who are authorized signatories in the firm, repeatedly evaded summons issued by the department, with the deliberate intention of hindering investigation;

- The partners also absconded for more than one month. During the course of investigation, a residential property & 6 vehicles owned by Vishal Gupta & Divya Gupta along with bank accounts of M/s Shub Conductors LLP were provisionally attached under Section 83 of the CGST Act, 2017;
- This action was finally able to bring Shri Vishal Gupta out of hiding. However, Shri Gupta continued to remain evasive during his statement recorded under Section 70 of the CGST Act, 2017;
- He also refused to divulge the location of his wife and partner in M/s Shub Conductors LLP, Smt. Divya Gupta, who remains absconding till date;
- Vishal Gupta, Partner in M/s Shub Conductors LLP appeared to have knowingly committed offence under the provisions of Section 132(1)(c) of Central Goods & Services Tax Act, 2017 which is a cognizable and non-bailable offence, punishable under Section 132(5) of the CGST Act, 2017;
- Accordingly, Shri Vishal Gupta was arrested on 17.03.2020 under Section 69(1) of the CGST Act, 2017 and remanded to judicial custody by the Duty Metropolitan Magistrate (MM) till 31.03.2020. Further investigation to unearth GST evasion racket on fake invoices is in progress.

(Source- official Twitter Handle of CGST & Central Excise, Delhi Zone, CBIC covering State of Delhi)

Income Tax

- **Legal updates- Tribunals, High Court & Supreme Court judgements**

Sr.No.	**Key to find the document**	**Authority who passed the order**	**Details of decision**	
			Provisions discussed	**Decision**
1	[2020] 115 taxmann.com 37 Ashita Nilesh Patel v. ACIT, Circle 4(1)(2) R/SPECIAL CIVIL APPLICATION NO. 3948 OF 2019 JANUARY 20, 2020	Gujrat High Court	Section 179 of Income Tax Act.	AO couldn't initiate recovery proceedings against director without establishing non-recovery from company.

Sr.No.	Key to find the document	Authority who passed the order	Details of decision	
			Provisions discussed	**Decision**
2	[2020] 115 taxmann.com 38 Par Excellence Leasing and Financial Services (P.) Ltd. v. ACIT, Central Circle-21, New Delhi* IT APPEAL NOS. 4515 TO 4517 (DELHI) OF 2015 [ASSESSMENT YEARS 2010-11 TO 2012-13] JANUARY 14, 2020	Delhi Tribunal	Section 68, read with section 153C	Where assessee failed to produce controlling persons of share applicant companies along with supportive documentary evidence for examination and field enquiries in respect of share applicant companies revealed that such companies never existed in given addresses, Assessing Officer rightly inferred that assessee had rooted its own money in books of account through fictitious and bogus companies, and rightly made additions under section 68.

❖ **CBDT Notifies the Direct Tax Vivad se Vishwas Rules, 2020.**
Download gazetted notification here

Announcement by ICSI

❖ **ICSI informs suspension of Face to Face Support Services to the Members/ Students/ Visitors to ICSI Noida Office (C-36 & C-37, Sector-62)**
As a preventive measure against the spread of Corona Virus, it has been decided to suspend the face-to-face support services to the Members / Students/ Visitors at the ICSI Office located at C-36 & 37, Sector-62, Noida till 31st March, 2020.
Announcement here

- **Notification/Circular/Press release/ Write-ups/Newsletters by IBBI/Government**

  - **IBBI issues its Annual Report for year 2017-18**
    Download here- English Version
    Download here- Hindi Version

- **Legal updates- NCLT | NCLAT | SUPREME COURT**

Sr.No.	Key to find the document	Authority who passed the order	Details of decision	
			Provisions discussed	Decision
1	[2020] 115 taxmann.com 311 Beacon Trusteeship Ltd. v. Earthcon Infracon (P.) Ltd. CIVIL APPEAL NO(S). 7641/2019 FEBRUARY 18, 2020	Supreme Court	Section 65 of IBC 2016	Where an application filed under section 7 was admitted by NCLT and NCLAT by impugned order had dismissed appeal, appellant's plea of collusion in initiation of proceedings could not have been raised for first time in appeal before NCLAT or before Supreme Court in instant appeal and appellant was to be relegated to remedy before Adjudicating Authority (NCLT).
2	[2020] 115 taxmann.com 15 SBI v. Anuj Bajpai (Liquidator) CA (AT)(INSOLVENCY) NO. 509	NCLAT Delhi	Section 52, read with sections 29A and 35,	Assets couldn't be sold to a person who is ineligible u/s 29A of IBC during liquidation process.

Sr.No.	Key to find the document	Authority who passed the order	Details of decision	
			Provisions discussed	Decision
3	[2020] 115 taxmann.com 10 Palladian Hotels (P.) Ltd. v. Hotel Horizon (P.) Ltd. APPLICATION NO. 282 OF 2019 COMPANY PETITION NO. 489 OF 2015 JANUARY 2, 202	Bombay High Court	Section 14	Where bank guarantee furnished by corporate debtor in favour of applicant was an independent transaction and was issued pursuant to a consent order passed by Court and was not a step in execution of any arbitral award, and thus, would not fall under section 14(1); it could have been rightly encashed.

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

❖ **Covid-19 impact: Will ₹1-lakh threshold for insolvency plea under IBC be reviewed?**

Given the growing fears of a widespread impact of Covid-19 on the economic growth of the country — with some segments and sectors appearing more vulnerable — a similar threshold may have to be put in place to include a wider set of cases, to prevent large-scale applications under IBC. According to lawyers and market experts, the existing low criterion of default of just ₹1 lakh in any case needs a review to de-clog the bankruptcy process. In the coming months, with several sectors and MSMEs likely to feel the heat of the virus outbreak, it has become important to proactively review the low criterion of ₹1 lakh default to initiate insolvency proceedings.

❖ **NCLT allows 90 days' extension for Jet Airways insolvency process.**

The National Company Law Tribunal (NCLT) on Wednesday allowed 90 days' extension for the corporate insolvency resolution process of Jet Airways.
[Business Standard Report]

New acts notified/Bills introduced in parliament or Executive orders by President.

- Finance Minister to move The Banking Regulation (Amendment) Bill, 2020 in lok sabha today.

- Finance Minister to move The Finance Bill, 2020 in lok sabha today.

Economy & Finance

- **As fiscal year comes to a close, auditors to get advisory amid virus scare.**
  As the fiscal year comes to a close (on March 31), the Institute of Chartered Accountants of India (ICAI) is coming up with guidelines to ensure auditors take into account the disruption caused to firms by the COVID-19 pandemic. “We will soon be issuing an advisory for auditors... This is a huge challenge for the economy and auditors have to keep it in mind while making reports,” said Atul Gupta, ICAI president. Auditors will have to account for factors such as slowdown in the supply of perishable goods which will affect the net realisable value. They will also have to take into account any contingent liability arising out of the delay in the delivery of a project owing to COVID-19.
  Business Standard Report

- **Struggling to meet target, IT staffers urge to extend FY20 to Apr 30**
  Income tax (I-T) officers and employees’ associations have jointly sought extension of current financial year 2019-20 by a month to April 30, and also closure of all their offices till the end of this month, to prevent spread of the coronavirus. In a letter to the chairman, Central Board of Direct Taxes (CBDT), the two associations suggest an ordinance be issued to extend the financial year, “which will be welcomed by one and all in the country”.
  Business Standard Report

- **Covid-19: Centre asks banks to delay declaring companies' accounts as NPAs.**
  Centre should ask banks to delay declaring companies' accounts as NPAs for one year due to the economic fallout of COVID-19, the Federation of Indian Export Organisations (FIEO) said. FIEO President Sharad Kumar Saraf said that the spread of Covid-19 to over 144 countries points to the most challenging times for the exports sector. "Banks may be asked to delay the declaring companies' accounts as NPA for 1 year as the lack of business coupled with fixed cost will make many accounts NPAs," he said in a statement.
  Business Standard Report

Knowledge shared= Knowledge^2

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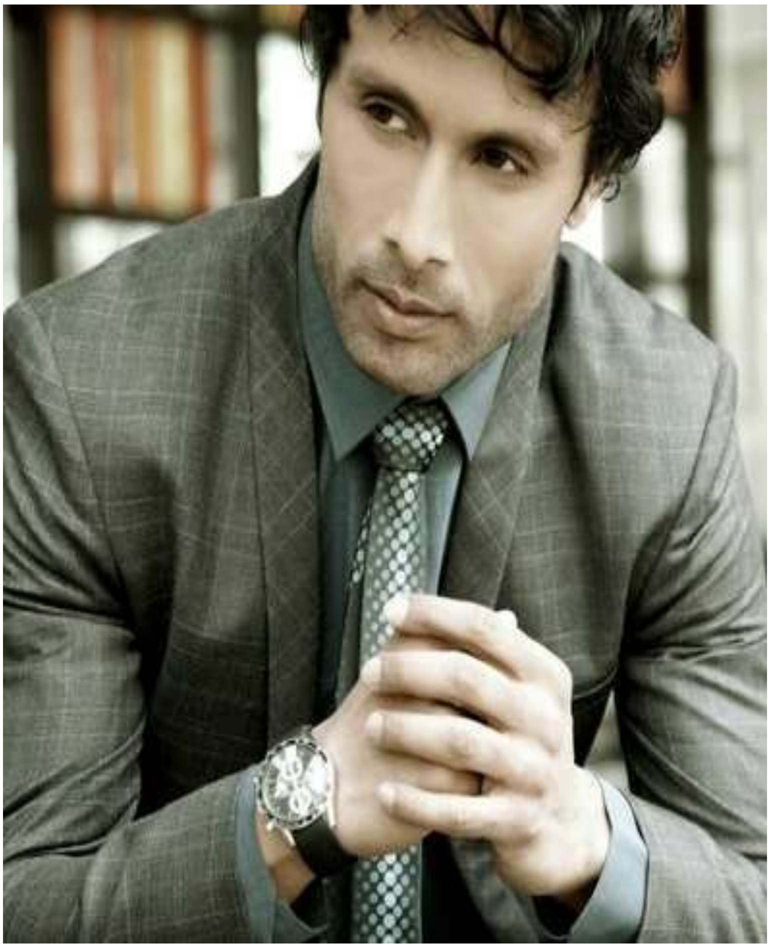
About Scribbler

PRADEEP GOYAL



- **Fellow Member** of the Institute of Chartered Accountants of India.
- **Associate member** of Professional Accounting Body of Certified Practising Accountants (CPA), Australia.
- **Registered Valuer with IBBI-** Asset Class- Securities or Financial Assets
- **CFA (Corporate Finance)**- Columbia Business School, USA | EMERITUS Institute of Management, Singapore.
- **Certified Goods & Service Tax Practitioner** from ICAI & Ministry of Micro, Small & Medium Enterprises, Government of India.

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Profile

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