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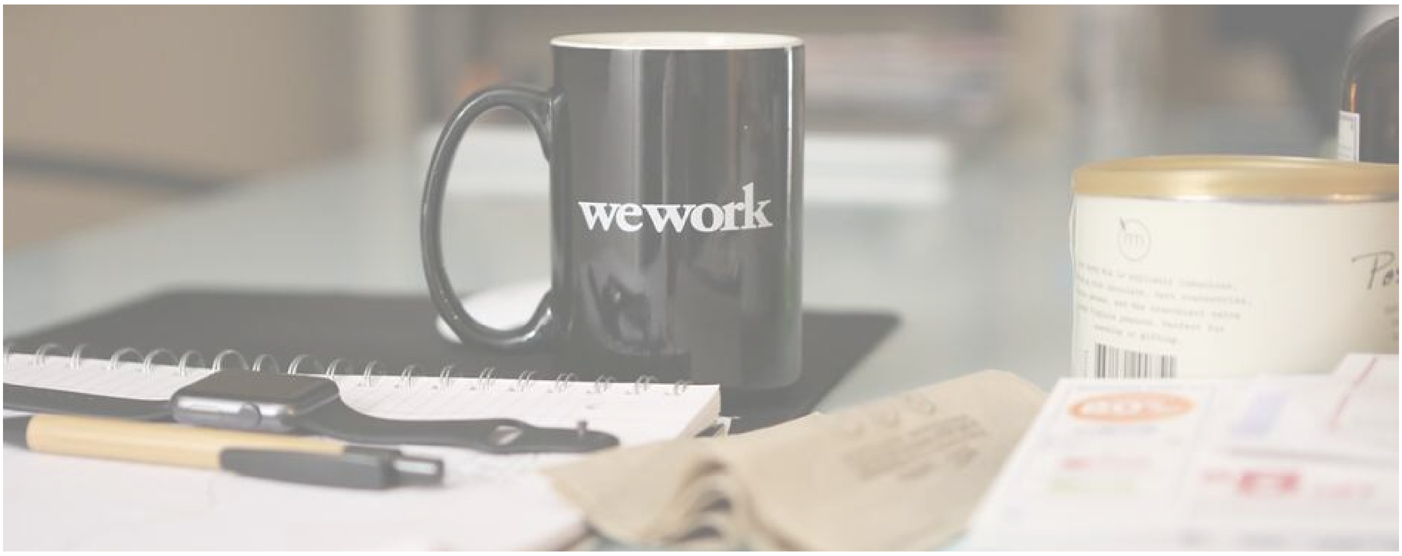
THE DAILY LIFELINE

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.**

  - **Below GST-Tariff notifications issued by Govt. to implement the decisions of 39th GST Council Meeting held on 14.03.2020.**

Serial No	Notifications details		
	Date	No.	Description
1	25/03/2020	03/2020-Central Tax (Rate)	Amended notification No. 1/2017-Central Tax (Rate) to prescribe change in CGST rate of goods. The rate of 5% on handmade safety matches and 18% on other than handmade has been made removed and uniform rate of 12% has been notified for all types of safety matches. Also, telephones for cellular networks or other wireless networks and its related parts shall now be taxable at rate of 18%.
2	25/03/2020	02/2020-Central Tax (Rate)	Amended Notification No. 11/2017-Central Tax (Rate) dated 28.06.2017 reducing CGST rate on Maintenance, Repair and Overhaul (MRO) services in respect of aircraft from 18% to 5% with full ITC.
Corresponding notifications issued under SGST/UTGST/IGST Acts			

- Notified copies of all above said notifications can be downloaded here

- **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] 116 taxmann.com Vajid v. State of U.P. MISC. BENCH NO. 34650 OF 2019 JANUARY 23, 2020	High Court of Allahabad	Section 129	Where Competent Authority detained vehicle of assessee along with goods on ground that goods were found to be carried in violation of provisions of GST Act and assessee had failed to prove that goods carried in vehicle were without his knowledge, order for release of goods could not be passed.
2	[2020] 116 taxmann.com Gokul Agro Resources Ltd. v. Union of India R/SPECIAL CIVIL APPLICATION NO. 1758 OF 2020 FEBRUARY 26, 2020	Gujrat High Court	Section 5 of IGST Act.	Where assessee filed writ petition seeking declaration of Entry No. 10 of Notification No. 10/2017-Integrated Tax (Rate), dated 28-6-2017 as being ultra vires of section 5(3) and also prayed for issuance of directions to Competent Authority to grant refund of amount of IGST already paid pursuant to said Entry, Entry No. 10 was to be declared as ultra vires of section 5(3) and further assessee was to be directed to prefer application for refund of amount before Competent Authority

- **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 167 Swati Luthra v. Income-tax Officer, Ward-51(5), New Delhi IT APPEAL NOS. 6480 TO 6483 (DELHI) OF 2017 [ASSESSMENT YEAR 2014-15] JUNE 28, 2019	Delhi Tribunal	Section 68, read with section 10(38)	Where assessee's transactions of purchase of shares in question, holding of shares for more than one year and then sale of shares through a registered share broker in a recognised stock exchange and payment of STT thereon, all were supported by documentary evidences and revenue could not point out any specific defect with regard to said documents, transactions of assessee could not be held as sham and LTCG on such transactions could not be treated as unexplained cash credit under section 68.

Announcement by ICAI

- **ICAI's announcement regarding postponement of Chartered Accountant Examinations, May 2020**
  In continuation to the Important Announcement dated 1st January 2020, it is hereby notified for general information that in view of the ongoing spurt of the COVID-19 pandemic and in the interest of the wellbeing of students, the Chartered Accountant Examinations initially scheduled from 2nd May 2020 to 18 May 2020 stand rescheduled and the said examinations shall now be held from 19th June 2020 to 4th July, 2020 as per details given in this announcement.

- **ICAI accounting & auditing advisory Board issues document titled "impact of coronavirus on financial reporting and the auditors consideration".**
  Download here

- **Earn Structured CPE via Video series on Bank Branch Audit - ICAI Digital Learning Hub.**
  Click here for more

Corporate Laws

- **Notification/ Circular/ Advisories Issued by the Ministry of Corporate Affairs in view of COVID-19 outbreak.**
  Download here

The Insolvency and Bankruptcy Law

- **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 362 Ugro Capital Ltd. CA (AT) (INSOLVENCY) NO. 984 OF 2019	NCLAT Delhi	Section 7	Rejection order of CIRP plea arising out of decree to be set aside if not challenged till filing CIRP plea.

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

❖ **Separate GST registrations confuse interim resolution professionals**

IRPs appointed under the Insolvency and Bankruptcy Code (IBC) have approached the finance ministry, seeking clarity on several aspects regarding the Central Board of Indirect Taxes and Customs (CBIC) notification issued on Saturday and a follow-up circular on Monday, people familiar with the development said.

ET Report

❖ **PSB mergers the new hurdle for resolutions under IBC.**

The approaching deadline for the merger of small public sector banks with their larger counterparts is slowing down resolution of cases under the Insolvency and Bankruptcy Code (IBC). The deadline to complete the mergers is 1 April.

While small state-run banks generally have limited influence in lender committees of large assets, in cases where they have a substantial say, key decisions on resolution are being postponed until the ongoing mergers are completed.

Mint Report

❖ **Raising of IBC Threshold: Retrospective or Prospective?**

Assuming for a moment that there will be no suspension of proceedings under Sections 7, 9 and 10 of the IBC, the question that now arises is whether the IBC notification apply prospectively, or will it apply retrospectively to existing/pending applications filed under Sections 7 and 9 as well?

Live Law explains it here

❖ **Coronavirus outbreak: Why FM Sitharaman's decision to relax IBC is an important move for businesses.**

A report by world body United Nations has stated that the impact on Indian trade on account of the Covid-19 global pandemic would be to the tune of around $348 million. The report further mentions that India features among the top 15 global economies adversely impacted by the manufacturing slowdown in China. With factories facing closures, manufacturing activity coming to a standstill, supply chains getting rapidly depleted and companies witnessing a negative pressure on their cash flows, times ahead are challenging for corporate India. Government's move to consider raising the threshold limit to file any action under IBC from Rs. 1 lakh to Rs. 1 crore has come as a huge relief booster shot for SSMEs and small businesses which operate at the lower spectrum of the economic value chain.

Here is report from Business Today

Security and Exchange Board of India (SEBI)

❖ SEBI gave further relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) and the SEBI circular dated January 22, 2020 relating to Standard Operating Procedure due to the CoVID -19 virus pandemic.
SEBI Circular No.: SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated 26th March, 2020.

Summary of relaxations.

- **Filling related**

Sl no.	Regulation and associated filing	Filing		Relaxation w.r.t. the quarter / half year / year ending March 31, 2020		
		Frequency	Due within	Due date	Extended date	Period of relaxation
a.	Regulation 40(9) relating to Certificate from Practicing Company Secretary on timely issue of share certificates	Half Yearly	1 month of the end of each half of the financial year	April 30, 2020	May 31, 2020	1 month
b.	Regulation 44(5) relating to holding of AGM **by top 100 listed entities by market capitalization** for FY 19-20	Annual	Within a period of 5 months from the date of closing of the financial year	August 31, 2020	September 30, 2020	1 month

- **Conduct of Committee meetings – Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.**

Sl no.	Regulation	Requirement	Frequency	Due date	Extended date	Period of relaxation
a.	Regulation 19(3A)	The nomination and remuneration committee shall meet at least once in a year	Yearly	March 31, 2020	June 30, 2020	3 months
b.	Regulation 20(3A)	The Stakeholders Relationship committee shall meet at least once in a year.				
c.	Regulation 21(3A)	The Risk Management Committee shall meet at least once in a year.				

- **Relaxation of the operation of the SEBI circular on Standard Operating Procedure dated January 22, 2020.**
  SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 issued the Standard Operating Procedure (SoP) on imposition of fines and other enforcement actions for non-compliances with provisions of the LODR, the effective date of operation of which is for compliance periods ending on or after March 31, 2020. The said circular dated January 22, 2020 shall now come into force with effect from compliance periods ending on or after June 30, 2020. It may be noted that the SoP circular dated May 03, 2018 would be applicable till such date.

- **Publication of advertisements in the newspapers**
  Regulation 47 of the LODR requires publishing, in the newspapers, information such as notice of the board meeting, financial results etc. It has been decided to exempt publication of advertisements in newspapers as required under regulation 47 for all events scheduled till May 15, 2020.

❖ **SEBI gives relaxation from compliance with certain provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 due to the COVID-19 pandemic.**
The disclosure filings under Regulations 30(1), 30(2) and 31(4) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations), require the shareholders to compile, collate, and disseminate information of their consolidated shareholding as on March 31, 2020, to the company and the stock exchanges within seven working days from the end of the financial year. These report as per the 2020 calendar are required to be filed by April 15, 2020. This date is now extended to June 1, 2020.
Here is SEBI Circular SEBI/HO/CFD/DCR1/CIR/P/2020/49 dated 27/03/2020

🕮 Director General of Foreign Trade (DGFT)

❖ A Helpdesk has been operationalized by DGFT for export and import related issues being faced in the current situation. Exporters & importers may directly flag their issues through any of the following channels –
Email at dgftedi@nic.in
Call at Toll free number 1800-111-550
Source- DGFT Twitter Account

- **RBI released COVID-19 – Regulatory Package**

Reserve Bank of India in its seventh bi-monthly policy statement for year 2019-2020 has decided to cut repo rate by 75bps to 4.4% from 5.15 % with immediate effect. Reverse repo cut by 90bps bps at 4%. In order to mitigate economic risks due to Covid-119 crisis, RBI has also taken other important measures like allowing of 3-month moratorium on EMIs and Deferment of Interest on Working Capital Facilities.

- **Rescheduling of Payments – Term Loans and Working Capital Facilities**

    - In respect of all term loans (including agricultural term loans, retail and crop loans), all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) ("lending institutions") are permitted to grant a moratorium of three months on payment of all instalments1 falling due between March 1, 2020 and May 31, 2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.
    - In respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from March 1, 2020 up to May 31, 2020 ("deferment"). The accumulated accrued interest shall be recovered immediately after the completion of this period.

- **Easing of Working Capital Financing**

    In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may recalculate the 'drawing power' by reducing the margins and/or by reassessing the working capital cycle. This relief shall be available in respect of all such changes effected up to May 31, 2020 and shall be contingent on the lending institutions satisfying themselves that the same is necessitated on account of the economic fallout from COVID-19. Further, accounts provided relief under these instructions shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

Here is RBI Notification

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

- **Government notifies Finance Act, 2020 as President gives assent to the Finance Bill 2020**
  The Finance Bill, 2020 has received the assent of the President. Finance Act, 2020 amended various provisions of the Income-tax Act, 1961 which are related to salaries, capital gain tax, deductions etc.
  Here is notified copy

Economy & Finance

- **SBI passes on entire repo rate cut to borrowers.**
  Hours after the Reserve Bank of India reduced the repo rate by 75 basis points, the country's largest lender State Bank of India on Friday said it would pass on the entire cut to its customers, effective April 1.
  TOI Report

- **RBI loads ₹3.74 trillion bazookas in war on coronavirus pandemic.**
  The Reserve Bank of India (RBI) on Friday went all out to make ample liquidity available in the market and nudge banks to aid the productive sectors of the economy, announcing measures to inject ₹3.74 trillion. The measures include targeted long-term repo operations (TLTRO) of up to ₹1 trillion, a 100-basis point (bps) cut in cash-reserve ratio (CRR) and easier borrowing requirements under the marginal standing facility (MSF) window. RBI said the CRR cut and easier MSF rules will infuse ₹1.37 trillion each. The central bank also reduced the reverse repo rate by 90bps to 4%, making it less attractive for banks to simply park money with the RBI instead of lending.
  Mint Report

Knowledge shared= Knowledge^2

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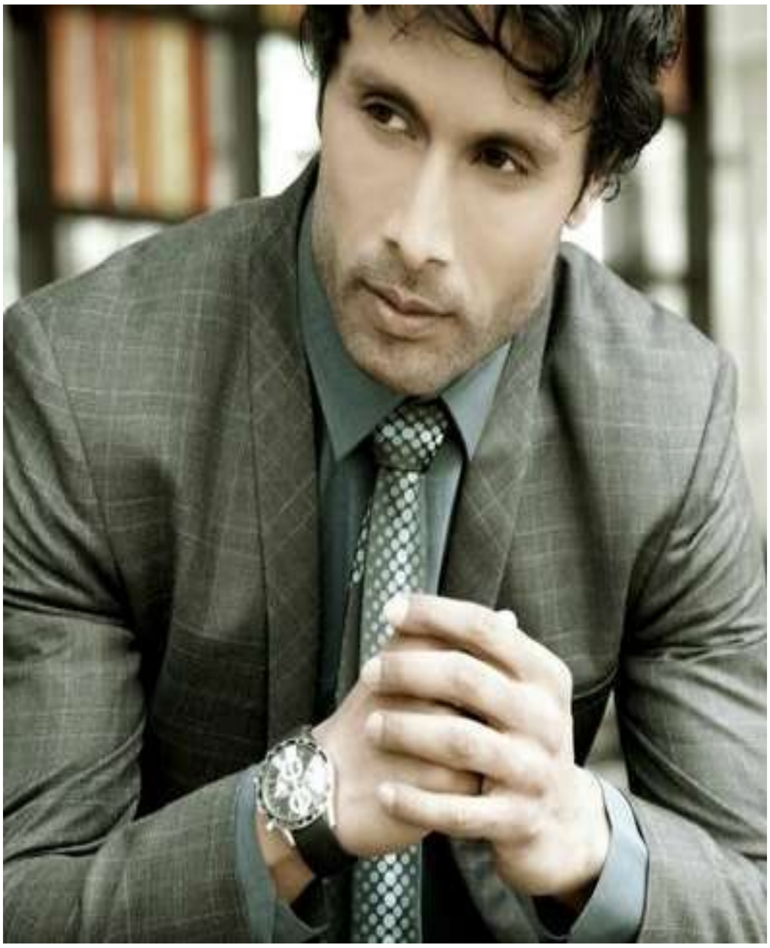
About Scribbler



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Profile *Page*

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