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EDITORIAL

Friends,

Change is the only Constant! A New India is reforming continuously as per the need of current times. Trade & Industry would also be required to change, to keep up pace with changing market dynamics!

Two big compliance changes await Trade & Industry on 1st October 2020 –

1. **In GST** - E-Invoicing is being implemented on B2B Invoices for Registered Persons with PAN Turnover more than Rs.500 Cr.
2. **In Income Tax** - TCS on sale of goods u/s 206C(1H) is being implemented for all businesses with more than Rs. 10 Cr PAN turnover.

In both the above cases, the Invoicing of the Businesses will be impacted in a big way. Therefore, it will not only impact the Finance and Taxation function but even the other functions of Corporates like IT, logistics, production, operations, purchase, Front office, etc. Training of front end staff is mandatory as they would be dealing with all stakeholders and would be explaining the changes. **Extensive training will be required to be provided to the personnel making invoices, as any error at data input end may result in hardship.** We would be bringing out GST E-Invoicing and Income Tax 206C(1H) Handholding Advisory going forward as and when teething issues are identified by us while implementing both these changes in the IT systems of the Companies.

It is important to note that under GST, now the Taxpayers would be interacting with three different Portals, i.e. the GST Portal https://www.gst.gov.in/ ; the E-Waybill portal https://ewaybillgst.gov.in/ and now the Invoice Registration Portal (IRP) www.einvoice1.gst.gov.in . All these portals would interact with each other in a limited way. However, during assessments and scrutiny by the Revenue Authorities, the data shared with all three portals would be required to be reconciled for consistency by the Taxpayers for the satisfaction of the officers. It is thus required that large enterprises use an **Integrated Approach** to GST E-Invoice, E-Waybill and Return Filing. Use of Data Analytics and Artificial Intelligence is also of upmost importance now to handle the Data of large Organisations, so that Taxpayers can rectify any abnormalities suo motto and are **Scrutiny Ready.** A small case in point is a report which would be required matching GST E-Invoices, Tax Liability as per GSTR-1, Tax Liability as per Sales Register and E-Waybills generated. In such a case, data of all three GST Portals and the ERP of the tax payer would required to be interplayed with and reconciliation would be required to be done. **This is possible at the click of a button when Big Data Analytical Tools of an ASP/GSP are** used. It is thus very important that this change and needs to be handled by Finance Teams using the right technology.

In the same discussion, it is important to also note Notification No. 14/2020-Central Tax dated 21st March, 2020 which mandates entities with aggregate turnover more than Rs. 500 crores in a FY to include **QR code on their B2C invoices**. It is also specified that a Dynamic Quick Response (QR) code made available to buyer through digital display (with payment cross-reference) shall be deemed to be having QR code. Hence even B2C invoices would undergo a change from 1st October 2020 for such

EDITORIAL

Companies. Again this is a change at the front end and has to be dealt with sensitively.

It is further important to note that from 1st October 2020, if an E-Invoice is not issued by a supplier to whom it is mandatory, it would not be considered to be a Valid Tax Invoice. **Hence, the recipients of the invoice would be denied the Input Tax Credit (ITC) on such invoices.** Thus for all Taxpayers it is important to take a declaration from their suppliers that E-Invoice is not applicable to them so that incase of any non-compliance by suppliers, liability can be fixed appropriately.

Going further, a high level group of ministers of Kerala will discuss **GST e-invoicing for gold jewellers** whose turnover is below Rs 500 crore to curb fake invoicing and revenue loss. The State Governments wish to be able to track all the transactions done by gems and jewellery trade to plug any loopholes resulting in revenue loss. A proposal by a group of ministers for **GST amendment** on the **gem and jewellery** sector elicited a mixed response from the trade. To plug loopholes in collection of GST or potential misuse, the GoM recommenced a 3% GST on purchase of old jewellery under the reverse charge mechanism. Also, an E-way bill has been mooted for intrastate movement of gold.

The **Goods and Services Tax (GST) Council** has scheduled two important meetings on 27.08.2020 and 19.09.2018, according to senior Government sources. Finance Minister Nirmala Sitharaman had mentioned that the Council's **41st meeting** on 27.08.2020 would discuss a single matter: compensation to states for revenue losses under the indirect tax regime. As compensation cess collection has plummeted amid weak economic activities due to the Covid-19 pandemic, GST collection in 2020-21 is unlikely to see enough growth to meet this shortfall. As a result, the 41st meeting GST Council headed by the Union Finance Minister is likely to see efforts to resolve the differences between Centre and states over responsibility of the cess liability.

GST Network on 18.08.2020 said it has enabled a functionality to help GST payers know their **input tax credit (ITC) eligibility in their Annual Return**, making it more convenient to file GSTR-9. So far, the GST system used to compute **eligible ITC NSE 0.51 %** based on suppliers' sales return GSTR-1, but the break-up at the invoice level was not provided. Taxpayers used to raise a query on the computation of ITC.

The government collected goods and services tax (GST) of **Rs 87,422 crore for July, 2020**, indicating slight stability in collections.

We do hope that this bulletin adds value to your professional sphere.

Just to reiterate that we remain available over telecom or e-mail.

Truly Yours

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SYNOPSIS

INCOME TAX

NOTIFICATIONS

INTRODUCTION OF INCOME-TAX (16TH AMENDMENT) RULES, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Direct Taxes **vide Notification No. 43/2020 dated 03.07.2020** has introduced of Income-Tax (13th Amendment) Rules, 2020. They shall come into force from 03.07.2020.

[For further details please refer the notification]

INTRODUCTION OF NATIONAL PENSION SCHEME TIER II-TAX SAVER SCHEME, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Direct Taxes **vide Notification No. 45/2020 dated 07.07.2020** has introduced scheme of National Pension Scheme Tier II- Tax Saver Scheme, 2020. In this scheme, Central Government employee shall make contribution to the Pension Fund established by Government Authority from Rs.250/- to 1000/-. The contribution shall have lock in period of 3 years from the date of credit of amount to the specified account.

[For further details please refer the notification]

INTRODUCTION OF INCOME-TAX (17TH AMENDMENT) RULES, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Direct Taxes **vide Notification No. 54/2020 dated 24.07.2020** has introduced of Income-Tax (17th Amendment) Rules, 2020. They shall come into force from 01.10.2020.

[For further details please refer the notification]

INTRODUCTION OF INCOME-TAX (18TH AMENDMENT) RULES, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Direct Taxes **vide Notification No. 55/2020 dated 28.07.2020** has introduced of Income-Tax (18th Amendment) Rules, 2020. They shall come into force from 28.07.2020. It has amended Rule 12CB which is a statement u/s 115UB(7).

[For further details please refer the notification]

INTRODUCTION OF INCOME-TAX (19TH AMENDMENT) RULES, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Direct Taxes **vide Notification No. 58/2020 dated 10.08.2020** has introduced of Income-Tax (19th Amendment) Rules, 2020. They shall come into force from 10.08.2020. It has inserted Rule 114AAB which contains class or classes of person to whom provisions of section 139A shall not apply.

[For further details please refer the notification]

INTRODUCTION OF INCOME-TAX (20TH AMENDMENT) RULES, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Direct Taxes **vide Notification No. 67/2020 dated 17.08.2020** has introduced of Income-Tax (20th Amendment) Rules, 2020. They shall come into force from 10.08.2020. It has inserted Rule 2DB which contains other conditions to be satisfied by the pension fund and Rule 2DC Guidelines for notification u/s 10(23FE).

[For further details please refer the notification]

GST

NOTIFICATIONS/ORDER

EXTENSION OF DUE DATE OF FORM GST CMP-08 AND FORM GSTR-4

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 59/2020-CGST dated 13.07.2020** has extended the due date of Form GST CMP-08 from 15.07.2020 to 31.08.2020 for the quarter of Jan-March 2020 and Form GSTR-4 for the financial year ending 31.03.2020 from 15.07.2020 to 31.08.2020.

[For further details please refer the notification]

INTRODUCTION OF CENTRAL GOODS AND SERVICES TAX (9TH AMENDMENT) RULES, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 60/2020-CGST dated 30.07.2020** has substituted FORM GST INV-01. This is the schema/format for e-invoice.

[For further details please refer the notification]

SUBSTITUTION OF TURNOVER FROM RS.100 CRORE TO RS. 500 CRORE

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 61/2020-CGST dated 30.07.2020** has inserted that it not applicable for SEZ taxpayers. Only the taxpayers whose turnover exceeds Rs. 500 crores shall maintain E-Invoice. This notification shall be applicable from 01.10.2020

[For further details please refer the notification]

INTRODUCTION OF CENTRAL GOODS AND SERVICES TAX (TENTH AMENDMENT) RULES, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 62/2020-CGST dated 20.08.2020** has amended Rule 8 w.e.f 01.04.2020, Rule 9 w.e.f 21.08.2020 and Rule 25 w.e.f 21.08.2020.

[For further details please refer the notification]

REMOVAL OF PENDENCY OF REGISTRATION APPLICATION FILED DURING COVID PERIOD

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Order No. CBEC-20/06/11/2020-GST/1137-CGST dated 20.08.2020** has ordered for removal of pendency of registration application filed during COVID period.

[For further details please refer the order]

FEMA

NOTIFICATIONS/CASE LAW

AMENDMENT IN FOREIGN EXCHANGE MANAGEMENT (NON-DEBT INSTRUMENTS) (THIRD AMENDMENT) RULES, 2020

OUR COMMENTS: The Ministry of Finance, Department of Economic Affairs **vide Notification No. S.O. 2442 (E)/2020-RBI dated 27.07.2020** has inserted Rule 2A, amended Rule 3 and 4 and amended Schedule 1 for Serial No. 9.3 and 9.5 Air Transport Services and Foreign Airlines.

[For further details please refer the notification]

AMENDMENT IN FOREIGN EXCHANGE MANAGEMENT (EXPORT AND IMPORT OF CURRENCY) (AMENDMENT) REGULATIONS, 2020

OUR COMMENTS: The Ministry of Finance, Department of Economic Affairs **vide Notification No. FEMA 6 (R)/(2)/2020-RBI dated 11.08.2020** has amendment in Regulation 3 and insertion of new Regulation 9 in which Reserve Bank's gives power to permit export or import of currency.

[For further details please refer the notification]

JINDAL STEEL & POWER LIMITED VERSUS RESERVE BANK OF INDIA- 2020 [DELHI HIGH COURT]

Brief: The petitioner seeks permission for Direct Investment remission of USD 54.99 Million on or before 31st July, 2020.

OUR COMMENTS: In the present case, Delhi High Court held that What prima facie appears is that based on a communication written by Directorate of Enforcement containing cryptic information the RBI/respondent has chosen to withhold permission to the petitioner. The discretion under clause 9 of the above noted Regulations has to be exercised by RBI the respondent based on cogent facts and materials and not at the mere directions of Directorate of Enforcement. It was for the respondent/RBI to exercise its discretion in the facts and circumstances of the case keeping in view its own permissions given and subsequent facts and events that may have taken place after the permission was given. The discretion has to be exercised by RBI. The same cannot be delegated to the Enforcement Directorate. The impugned orders are also a non-speaking order. Petitioner has made out a prima facie case. The interim directions as stated in the order are reiterated. Pass the following directions:-

The respondent shall permit the petitioner to transmit the sum of 54.99 million USD forthwith before 31.07.2020 as has been prayed for. This permission is however subject to the following:

(i) The petitioner shall furnish an undertaking from the Board of Directors that if for some reason this court passes a direction to the petitioner to deposit the said remitted amount amounting to 55 million USD, the petitioner shall forthwith deposit the same in court.

(ii)The petitioner shall give an undertaking that it has unencumbered assets worth 60 million USD or above and that the petitioner shall not sell, alienate or transfer or encumber these assets without prior permission of this Court.

[Decided in favour of the petitioner]

CUSTOMS

NOTIFICATIONS

LEVY OF ADDITIONAL ON IMPORTS OF "ACRYLONITRILE BUTADEINE RUBBER"

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 27/2020-Customs (ADD) dated 21.08.2020** has notified to amend ***Notification No. 46/2015-Customs (ADD), dated 4th September 2015*** to extend the levy of ADD on imports of "Acrylonitrile Butadeine Rubber" originating in or exported from Korea RP, for a period of three months i.e. upto 3rd December, 2020.

[For further details please refer the notification]

IMPOSING ANTI-DUMPING DUTY ON IMPORTS OF PHOSPHORIC ACID OF ALL GRADES AND CONCENTRATIONS

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 26/2020-Customs (ADD) dated 21.08.2020** has notified to impose anti-dumping duty on the imports of Phosphoric Acid of all grades and concentrations (excluding Agriculture or Fertilizer grade), originating in or exported from Korea RP for a period of five years.

[For further details please refer the notification]

OMMISSION OF RULE 4 OF THE DEFERRED PAYMENT OF IMPORT DUTY RULES,2016

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 79/2020-Customs (N.T.) dated 19.08.2020** has omitted Rule 4 of the Deferred Payment of Import Duty Rules, 2016.

[For further details please refer the notification]

LEVY OF ADDITIONAL ON IMPORTS OF "CAUSTIC SODA" ORIGINATING IN OR EXPORTED FROM CHINA PR AND KOREA RP

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 25/2020-Customs (ADD) dated 17.08.2020** has notified to amend ***Notification No. 42/2015-Customs (ADD), dated 18th August 2015*** to extend the levy of ADD on imports of "Caustic Soda" originating in or exported from China PR and Korea RP, for a period of three months i.e. upto 17th November, 2020.

[For further details please refer the notification]

AMENDMENT OF SPECIAL WAREHOUSE (CUSTODY AND HANDLING OF GOODS) AMENDMENT REGULATIONS, 2020

OUR COMMENTS: The Ministry of Finance, Government of India, Central Board of Indirect Taxes and Customs **vide Notification No. 77/2020-Customs (N.T.) dated 17.08.2020** has inserted Regulation 13 which contains Non-applicability of regulation in certain cases.

[For further details please refer the notification]

DGFT

NOTIFICATIONS

AMENDMENT IN IMPORT POLICY OF CUT FLOWERS UNDER HS CODE 0603

OUR COMMENTS: The Ministry of Commerce and Industry, Directorate General of Foreign Trade vide **Notification No. 17/2015-2020-FTP dated 09.07.2020** has amended import policy of cut flowers under HS code 0603 continues to remain "Free". However, import will be allowed through Chennai airport only.

[For further details please refer the notification]

AMENDMENT IN EXPORT POLICY OF TEXTILE RAW MATERIAL FOR MASKS AND COVERALLS

OUR COMMENTS: The Ministry of Commerce and Industry, Directorate General of Foreign Trade vide **Notification No. 18/2015-2020-FTP dated 13.07.2020** has amended to the extent that only non-woven fabric of 25 to 70 GSM and melt blown fabric of any GSM exported against the HS codes specified above is prohibited for export. All other non-woven fabrics with GSM other than 25-70 GSM are freely allowed for exports.

[For further details please refer the notification]

AMENDMENT IN EXPORT POLICY OF VENTILATORS

OUR COMMENTS: The Ministry of Commerce and Industry, Directorate General of Foreign Trade vide **Notification No. 23/2015-2020-FTP dated 04.08.2020** has amended to the extent that all ventilators including any artificial respiratory apparatus or oxygen therapy apparatus or any other breathing appliance/device are made "free" for export.

[For further details please refer the notification]

ISSUE OF ADVANCE AUTHORISATIONS WHERE EXPORT ITEM IS GOLD MEDALLIONS AND COINS OR GOLD JEWELLERY/ARTICLES

OUR COMMENTS: The Ministry of Commerce and Industry, Directorate General of Foreign Trade vide **Notification No. 25/2015-2020-FTP dated 10.08.2020** has issued that Advance Authorisation shall not be issued where item of export is 'Gold Medallions and Coins' or 'Gold jewellery/articles manufactured by fully mechanised process'.

[For further details please refer the notification]

SUPPLY OF ESSENTIAL COMMODITIES TO THE REPUBLIC OF MALDIVES DURING 2020-21

OUR COMMENTS: The Ministry of Commerce and Industry, Directorate General of Foreign Trade vide **Notification No. 27/2015-2020-FTP dated 11.08.2020** has issued that export of Eggs, Potatoes, Onions, Rice, Wheat Flour, Sugar, Dal, Stone Aggregates and River Sand has been permitted to the Republic of Maldives under bilateral trade agreement between Government of India and Government of Maldives during the period 2020-21 as per the quantities indicated in the Table at Para 1 above. The export of above items to Republic of Maldives will be exempted from any existing or future restriction/prohibition on export.

[For further details please refer the notification]

LETS DISCUSS FURTHER!

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