WEEKLY TAXATION NEWSLETTER

26th August to 02nd September, 2020

VOLUME IV

Knowledge Sharing Initiative

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Dear Readers,

We are delighted to share our **Fourth (4th) Newsletter "Weekly Taxation Newsletter" from 26th August 2020 to 02nd September, 2020** with you. This newsletter is a weekly compilation of interesting and latest news related to tax including upcoming Timelines / Due Dates, Notifications / Press Information etc.

- *Stay updated, Stay connected*

❖ Upcoming due dates (weekly):

✓ Under the Income Tax act, 1961

Applicable Laws/Acts	Compliance Particulars	Due Dates
Income Tax Act, 1961	Due date for deposit of Tax deducted/collected for the month of August, 2020. *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*	07.09.2020

✓ Under the GST, 2017

LATE FEE RELIEF TO NORMAL TAXPAYERS FILING FORM GSTR-3B

i) Taxpayers having aggregate turnover > Rs. 5 Cr. in preceding FY

Tax period	Late fees waived if return filed on or before
May, 2020	30th September, 2020 *(Interest is NIL for the first 15 days, 9% after 15 days till 24th June and 18% thereafter)*
June, 2020	
July, 2020	

ii) Taxpayers having aggregate turnover upto Rs. 5 crores in preceding Financial Year

Tax period	Late fees waived if return filed on or before (For Group A States)*	Late fees waived if return filed on or before (For Group B States)*
May, 2020	12th Sept., 2020	15th Sept., 2020
June, 2020	23rd Sept., 2020	25th Sept., 2020
July, 2020	27th Sept., 2020	29th Sept., 2020
States	**Group A-** *Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Daman & Diu and Dadra & Nagar Haveli, Puducherry, Andaman and Nicobar Islands, Lakshadweep*	**Group B-** *Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi*

Kindly note: *Taxpayers who are yet to file Form GSTR-3B for any month(s) from July, 2017 till Jan., 2020, can now file Form GSTR-3B from 1st July, 2020 till 30th Sept., 2020, without any late fee, for those months in which they did not have any tax liability. However, for the months they had a tax liability, their late fee is capped at Rs 500 per return.*

❑ *Weekly Departmental updates:*

1. In line with the circular number 13/2020, e-Verification of Return data of AY 2015-16, 2016-17, 2017-18,2018-19 and 2019-20 has been re-enabled upto 30-September-2020 for taxpayers who could not verify the Return data within the stipulated timelines. Process to e-Verify --> Post Login --> My Account--> e-Verify Return Data of Previous Years --> Click 'e-Verify' --> Select the verification option and verify the Return Data.
   To view Circular 13/2020, Click here

2. For NRI investors, 20% plus surcharge and cess is withheld. However, tax will be assessed on the basis of documents submitted to avail tax treaty benefit under DTAA.

3. This year **ITR-1 form has introduced schedule DI** to provide details of the tax-saving investments made in the extended period till July 31, 2020. To avoid payment of excessive tax, it is advisable that you should fill the information in the required columns.

❑ Important Circulars / Notifications:

Sl. No.	Particulars of the Notification(s)	File No. / Circular No.	Notification Link(s)
1.	CORRIGENDUM date 27th August, 2020	Notification No. 68/2020/F. No. 187/3/2020 (ITA.-I)	LINK
2	CORRIGENDUM dated 27th August, 2020	Notification No. 69/2020/F. No. 187/3/2020 (ITA.-I)	LINK
3.	CORRIGENDUM dated 27th August, 2020 for principal notification number 51/2014	Notification No. 70/2020/F. No. 187/3/2020 (ITA.-I)	LINK
4.	Imposition of charge on the prescribed electronic modes u/s 269SU	Circular no. 16, F .No .370142/35 /2019-TPL-Pt	LINK

❖ Weekly Departmental updates:

❑ GST Updates

1. GST Department has released notification on Using Offline Tool to prepare Form GSTR-4 Annual Return by Composition Taxpayers

An EXCEL based offline tool has been provided on GST portal for composition taxpayers to prepare their GSTR-4 Annual Return.

Click here for User Manual & FAQ: Click here

2. Functionality to file Revocation Application under Removal of Difficulty.

In view of the Removal of Difficulty Order No. 01/2020 dated 25.06.2020, the restriction on filing revocation application, in case it was rejected, has been removed. Aggrieved taxpayers can file application for revocation of cancellation of registration once again.

Further, those taxpayers who have filed Appeal against rejection of the Revocation Application and the decision is still pending, they may also file the Revocation of Cancellation.

Taxpayer is required to login and navigate to Services> Registration> Application for Revocation to file the application for revocation. *(Click here for more info.)*

3. ITC Statement Form GSTR-2B, made available on GST Portal for taxpayers

GSTR-2B is an **auto-drafted Input Tax Credit (ITC) statement** generated for every recipient, on the basis of the information furnished by their suppliers, in their respective Form GSTR-1 & 5 and Form GSTR-6 filed by ISD.

Taxpayers can now **reconcile data** generated in Form GSTR-2B, with their own records and books of accounts. Using this reconciliation, they can now file their Form GSTR 3B and they can ensure that:

- no credit is taken twice,
- credit is reversed as per law, &
- tax on reverse charge basis is paid.

Steps to Download: Taxpayers can access their GSTR-2B through: Login to GST Portal > Returns Dashboard > Select Return period > GSTR-2B.

Read full circular at : Click here

4. New functionalities made available for TCS and Composition taxpayers

Provision to make amendment, multiple times, in Table 4 of Form GSTR-8

- Earlier, if no action was taken on TCS details, auto-populated in TDS/TCS credit form, by the supplier or if the same were rejected by them in the said form, the TCS (e-commerce operators) could amend the details only once.
- Based on requests received from stakeholders, the restriction of amending the transaction details only once, in the table 4 (i.e. amendment table) of Form GSTR-8, has now been removed.
- Thus, details of table 4 (i.e. amendment table) of Form GSTR-8, can now be amended multiple times, by e-commerce operators liable to collect tax at source under section 52, while filing their Form GSTR-8.

Read full circular at : Click here

❖ *Important Notifications under Excise / Custom/ GST:*

Sl. No.	Department	Particulars of the Notification(s)	File No. / Circular No.	Notification Link(s)
1.	Custom Act	Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver- Reg.	83/2020-Cus (NT) d.t 31.08.2020	LINK

2.	Custom Act	Guidelines regarding implementation of section 28DA of the Customs Act, 1962 and CAROTAR, 2020 in respect of Rules of Origin under Trade Agreements (FTA/PTA/CECA/CEPA) and verification of Certificates of Origin.	F.No.15021/18/ 2020 (ICD)	LINK
3.	GST	GST Revenue collection for July 2020 - ₹ 87,422 crore gross GST revenue collected in July	Press Release ID: 1642870	LINK
4.	GST	ITC Statement Form GSTR-2B, made available on GST Portal for taxpayers	Notification no. 396	LINK
5.	GST	Seeks to notify the provisions of section 100 of the Finance (No. 2) Act, 2019 to amend section 50 of the CGST Act, 2017 w.e.f. 01.09.2020	63/2020-Central Tax dated 25.08.2020	LINK
6.	GST	Seeks to extend the due date for filing FORM GSTR-4 for financial year 2019-2020 to 31.10.2020	64/2020-Central Tax dated 31.08.2020	LINK
7.	GST	Seeks to amend notification no. 35/2020-Central Tax dt. 03.04.2020 to extend due date of compliance under Section 171 which falls during the period from "20.03.2020 to 29.11.2020" till 30.11.2020	65/2020-Central Tax dated 01.09.2020	LINK

❑ WEBINAR UPDATES:

- Online training on "Global standards and anti money laundering compliance programme for financial institutions" for officers of CBIC on 30th September, 2020 from 10:30 AM to 01:30 PM **-Click here**
- Webinar on "Implementation of Section 28DA of the Customs Act, 1962 and CAROTAR, 2020 in respect of Rules of Origin under Trade Agreements (FTA/PTA/CECA/CEPA) and Verification of Certificates of Origin" for officers of CBIC on 4th September, 2020 from 11:00 AM to 01:00 PM. **-Click here**
- Team Building and Decision Making & Change Management and Conflict Resolution for Officers of CBIC on 11th September, 2020 from 10:30 Am to 01:00 PM. **-Click here**

Important Case-laws

Income Tax

1. **CBDT issues Order on Power to Investigation Wing and TDS directorate.**

(F No. 187/3/2020-ITA-I) CBDT issues Order on Power to Survey with Investigation Wing and TDS directorate: CBDT vide its Order dated 13.08.2020 issued under section 119 of the Income Tax Act, 1961 has directed officers in Directorates of Investigation (Investigation Wing) & Commissionerates of TDS, only & exclusively shall act as (Income Tax Authority) for the purposes of power of survey u/s 133A of the Income Tax Act, 1961.

After this Order, the power to survey u/s 133A has been shifted to Directorates of Investigation (Investigation Wing) & Commissionerates of TDS. Prior to this Order, the jurisdictional Assessing Officers were exercising the survey u/s 133A with the prior approval of the Joint Commissioner of the Range.

2. **Benefit Received in the Nature of Cash or Money from Waiver of Loan is Non-Taxable under Section 28(iv) of IT Act: Supreme Court**

In The Commissioner vs. Mahindra and Mahindra Ltd. the Supreme Court held that perquisite received in the form of waiver of loan cannot be taxed under Section 28(iv) of the Income Tax Act,1961, if the receipts are in the nature of cash or money.

Important Case-laws

GST Law:

1. Amba Industrial Corporation Vs Union of India & Anr.

The Punjab and Haryana High Court directed the respondent authority to permit the petitioner to upload TRAN-I on or before June 30, 2020, and in case Respondent fails to do so, the Petitioner would be at liberty to avail ITC in question in GSTR-3B of July 2020. No doubt, the respondents would be at liberty to verify the genuineness of claim(s) made by the Petitioner.

2. NELCO Ltd. Vs Union of India

The Bombay HC held that the rights and privileges accrued during the existing law have been saved under Section 174 of the CGST Act. If, before and after the GST regime, the availability of Input Credit is conditional, then it cannot be that it is without any limit in the transitional period. With the advent of an entirely new tax regime, the earlier credit could have lapsed, but as and by way of concession, it is permitted to be carried forward for a limited time.

Thus time limit in Rule 117(2) of the Central Goods and Services Tax Rules, 2017 is traceable to the rulemaking power conferred in Section 164(2) and the credit envisaged under section 140(1) being a concession, it can be regulated by placing a time limit, therefore, the time limit under Rule 117(1) is not ultra vires the Central Goods and Services Act, 2017.'

International Taxation Corner (ITC)

IRS opens application period for 2021 Compliance Assurance Process (CAP) program

The IRS ON 27/08/2020 announced the opening of the application period for the Compliance Assurance Process (CAP) program for 2021.

The application period begins September 1, 2020, and ends November 13, 2020.

According to IRS release—IR-2020-193—the IRS will inform taxpayers if they are accepted into the program in February 2021. New corporate applicants can apply for the CAP program if they meet certain eligibility requirements including:

- They have assets of $10 million or more.
- They are a U.S. publicly traded corporation with a legal requirement to prepare and submit SEC Forms 10-K, 10-Q, and 8-K.
- They are not under investigation by, or in litigation with, any government agency that would limit the IRS's access to current tax records.

To be eligible to participate in the CAP program, taxpayers must adhere to CAP program limits on the number of open years. For 2021, the IRS modified the open-year criteria, updated its requirements for the "tax control framework" questionnaire, and established a limit on the duration of the "bridge phase."

❑ Overview

The Compliance Assurance Process (CAP) was developed by the Large Business and International (LB&I) Division to improve the federal tax compliance of large corporate taxpayers by employing real-time issue resolution tools and techniques. In CAP, the IRS and taxpayer work together to achieve tax compliance by resolving issues prior to the filing of the tax return. Successful conclusion of CAP allows the IRS to achieve an acceptable level of assurance regarding the accuracy of the taxpayer's filed tax return and to substantially shorten the length of the post filing examination.

CAP started as a pilot program in 2005 and became permanent in 2011.

On August 29, 2016, the IRS announced that it was considering changes to its CAP Program and that no new taxpayers would be accepted for the 2017 and subsequent CAP years.

On August 28, 2018, the IRS announced the changes to its recalibrated CAP Program for the 2019 CAP year and that new taxpayers may be accepted for the 2020 CAP year.

On September 12, 2019, the IRS announced that new large corporate taxpayers interested in participating in the CAP program may apply for the 2020 CAP year.

On August 27, 2020, the IRS announced that it was accepting applicants for the 2021 CAP year along with some updates and modifications for 2021.

Disclaimer:

Every effort has been made to avoid errors or omissions in this material. In spite of this, errors may creep in. Any mistake, error or discrepancy noted may be brought to our notice which shall be taken care of in the next edition.

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