

19TH JULY, 2021

VOLUME 39


# Weekly Taxation Newsletter

from 07.07.2021 to 18.07.2021




Knowledge Sharing Initiative

## Experts Panel

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## Weekly Taxation Newsletter

Let's Build Something Together



### Newsletter Contents:

- Upcoming Due Dates
- Weekly Departmental updates
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### Dear Readers,

We are delighted to share our **39<sup>th</sup> Newsletter** “**Weekly Taxation Newsletter**” dated **19<sup>th</sup> July, 2021** from **07<sup>th</sup> July, 2021 to 18<sup>th</sup> July, 2021** with you. This newsletter is a weekly compilation of interesting and latest news related to tax including upcoming Timelines / Due Dates, Notifications / Press Information, Case Laws, International Taxation etc.

- Stay updated, Stay connected

### Due Dates under IT Act 1961

Sl.	Compliance Particulars	Due Dates
1	Due date for issuance of TCS Certificate for Q1 of FY 2020-21	30-07-2021
2	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M for the month of June, 2021	30-07-2021
3	Quarterly statement of TDS deposited	30-07-2021
4	Certificate of TDS in respect of tax deducted for payments other than salary (Further extention of due date from 15.07.2021 to 31.07.2021)	30-07-2021

### Income Tax Due Date - Extensions

Sl.	Nature of Extension	Provisions of IT Act 1961	Original Due Date	Extended Due Date
1	The Certificate of Tax Deducted at Source in Form No.16	Rule 31 of the Income-tax Rules, 1962	15.06.2021	on or before 31.07.2021
2	The Statement of Income paid or credited by an investment fund to its unit holder in Form No. 64C for the Previous Year 2020-21	Rule 12CB of the Income-tax Rules, 1962	30.06.2021	on or before 31.07.2021
3	The Quarterly Statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made	Rule 37 BB of the Income-tax Rules, 1962	30.06.2021	31.07.2021

	for the quarter ending on 30th June, 2021			
<b>4</b>	The Equalization Levy Statement in Form No. 1 for the Financial Year 2020-21		30.06.2021	31.07.2021
<b>5</b>	The Annual Statement required to be furnished by the eligible investment fund in Form No. 3CEK for the Financial Year 2020-21	Section 9A (5) of the Act	29.06.2021	31.07.2021
<b>6</b>	Exercising of option to withdraw pending application (filed before the erstwhile Income Tax Settlement Commission) in Form No. 34BB	under Section 245M (1) of the Act	27.06.2021	31.07.2021
<b>7</b>	The due date for linking PAN and Aadhar	Mandatory requirement u/s 139AA	30.06.2021	30.09.2021
<b>8</b>	<b>The Income tax Return for a non-corporate assessee not liable to audit u/s 44 of The Income Tax Act</b>	<b>Section 139 (1)</b>	<b>31.07.2021</b>	<b>30.09.2021</b>

### □ Under the GST, 2017

#### Filing of GSTR –3B

##### A. Taxpayers having aggregate turnover > Rs. 5 Cr. in preceding FY

Tax period	Due Date	No interest payable till	Particulars
June, 2021	20 <sup>th</sup> July, 2021	-	Due Date for filling GSTR - 3B return for the month of June, 2021 for the taxpayer with Aggregate turnover exceeding INR 5 crores during previous year

##### B. Taxpayers having aggregate turnover upto Rs. 5 crores in preceding FY (Group A)

Tax period	Due Date	No interest payable till	Particulars
June, 2021	22 <sup>nd</sup> July, 2021		Due Date for filling GSTR - 3B return for the month of June, 2021 for the taxpayer with Aggregate turnover upto INR 5 crores during previous year and

			who has opted for Quarterly filing of GSTR-3B
<b>Group A States:</b> 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			

### C. Taxpayers having aggregate turnover upto Rs. 5 crores in preceding FY (Group B)

Tax period	Due Date	No interest payable till	Particulars
June, 2021	24 <sup>th</sup> July, 2021		
<b>Group B States:</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			

### B. Non Resident Tax Payers, ISD, TDS & TCS Taxpayers

Form No.	Compliance Particulars	Timeline	Due Date
GSTR-5 & 5A	Non-resident ODIAR services provider file Monthly GST Return	20th of succeeding month	20.07.2021

### C. GST Refund:

Form No.	Compliance Particulars	Due Date
RFD -10	Refund of Tax to Certain Persons	18 Months after the end of quarter for which refund is to be claimed

### D. Other Returns:

Form No.	Compliance Particulars	Timeline	Due Date
GST CMP-08	Due date of filing of GST CMP-08 for dealers opted for composition scheme. <b>Quarterly - April to June 2021</b>	Date was extended from 15.07.2021	18.07.2021
GSTR-4	Annual return for dealers opted for Composition Scheme	For 2020-21	31.07.2021

GST return for pending Period-Amnesty Scheme	Filing of Pending GST return with reduced penalty under Amnesty Scheme	July, 2017 to April, 2021	From 01.6.2021 to 31.08.2021
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### **□ Weekly Departmental updates: Income Tax**

#### **1. I-T Dept extends deadline for manual filing of forms related to foreign remittances till July 15:**

The Income Tax Department on Monday extended the deadline till July 15 for manual filing of forms related to foreign remittances. As the new I-T portal faced technical issues after its launch on June 7 and users complained of glitches, the department had allowed manual filings of Form 15CA/15CB (required for foreign remittances) with banks till June 30. As per the Income Tax Act, 1961, there is a requirement to furnish Form 15CA/15CB electronically.



#### **2. CBDT extends timeline to process AY18 refunds**

The Central Board of Direct Taxes has extended the time for processing refunds in non-scrutiny cases for assessment year 2017-18 up to September 30.

In an order issued on July 5, the Board said cases had been brought to its attention where due to technical reasons, returns for various assessment years up to the assessment year 2017-18 that were filed validly could not be processed, and intimation was not provided to the taxpayer. This had led to a situation where the taxpayer was unable to get a legitimate refund.

#### **3. Short-Term Capital Gains: New goodwill rule seen imposing tax liabilities on firms**

The Central Board of Direct Taxes (CBDT) has notified the new rules regarding computation of short-term capital gains (STCG) and written down value (WDV) where depreciation on goodwill has been obtained, potentially increasing tax liabilities on firms that have undergone mergers or acquisitions in recent years.

Finance Act, 2021, had amended that ‘goodwill’ will no more be regarded as an “intangible asset” and depreciation would be not be available with effect from April 2020. The Income Tax Act, 1961, was amended to the extent that goodwill will have to be removed from the block of asset as on April 1, 2020, such value to be reduced will be cost of goodwill, net of depreciation claimed till date.

“Transactions done in the past 5 years in sectors such as pharma, life sciences, start-ups lining for IPO would have to closely evaluate the financial impact of this amendment,” said Aravind Srivatsan, partner & tax Leader, Nangia Andersen LLP. Companies, where

typically, the goodwill has not been substantially depreciated by April 2020, need to immediately quantify their tax impact, Srivatsan said.

**4. Digital Taxes | Uncertainty shrouds India’s equalisation levy**

On July 1, the Organisation of Economic Co-operation and Development (OECD) adopted a high-level statement containing an outline of the possible solution to address the tax challenges arising from the digitalisation of the economies. India, which is a signatory to the statement, has been consistent in its stand to equitably tax the digital economy.

With the advent of the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) government in 2014, India’s pitch for accelerated digitalisation was evenly matched with its quest to tax the growing digital economy, primarily driven by the fact that despite being one of the largest markets, most of the technology giants did not pay income tax in India.

**5. ITR filing made easy! Taxpayers can now file income tax returns at nearby post offices**

India Post is now offering an option to pay income tax returns (ITR) at nearest post office Common Services Centres (CSC) counters, in what could be good news for lakhs of salaried taxpayers across the country.

Taking it to Twitter, India Post said that taxpayers can easily access ITR services at nearby post office CSC counter. “Now no need to travel far to file your income tax returns. You can easily access income tax return services at your nearest post office CSC counter. #AapkaDostIndiaPost,” India post tweeted.

**❑ Important Circulars and Notifications:**



Sl.	Particulars of the Notification(s)	File No. / Circular No.	Notification Link(s)
1.	The Income tax Amendment (19th Amendment), Rules, 2021	Notification No. 77/2021	<a href="#">LINK</a>
2.	Central Government hereby notifies for the purposes of the said clause, ‘Haryana Building and Other Construction Workers Welfare Board’	Notification No. 78 /2021	<a href="#">LINK</a>
3.	h Foundation Trust, Haridwar under the category “Research Association” for Scientific Research	Notification No. 79/2021	<a href="#">LINK</a>

## ❖ Weekly Departmental updates:

### ❑ GST Updates

1. “To check the misuses of PAN in GST Registration, a functionality has been provided at GST Portal to register the complaint. Please see the News and Updates”.

### 2. Airbus India liable to 18% GST on ‘intermediary services’ to overseas holding firm

Airbus India’s technical advisory and procurement services for its France-based holding company are ‘intermediary services’ and liable to 18 per cent GST, Authority for Advance Ruling has said.

Airbus Group India had approached the Karnataka bench of the AAR, seeking a ruling on whether the services rendered by it to its holding company Airbus Invest SAS, France, would qualify as ‘export of service’ under Goods and Services Tax (GST) law and hence construed as a ‘zero-rated supply’.

### 3. Centre releases Rs 75,000 crore to states as GST compensation shortfall

While these borrowings have been made by the centre, they will not count in its gross borrowing target of Rs 12.5 lakh crore for 2021-22 as the liability is being passed onto the states immediately.

The Finance Ministry, on July 15, said it has released Rs 75,000 crore to the states in lieu of Goods and Service Tax (GST) compensation shortfall.

The government said that almost 50 percent of the total shortfall for the entire year has been released in this single installment as a result, and the balance amount will be released in the second half of 2021-22 in steady installments.

The funds will be provided under the back-to-back loan facility for states first announced by the Centre last year. This latest release is in addition to normal GST compensation being released every two months out of actual cess collection.

### 4. AAR considers retro GST amendment, holds that tax applies on CHS’ maintenance charges

Recently the authority for advance rulings (AAR), Maharashtra bench, has held that goods and services tax (GST) is chargeable against the maintenance charges collected by a co-operative housing society (CHS) from its members, if it is in excess of Rs. 7,500 per month.

The AAR took into consideration a retrospective amendment dating back to July 1, 2017, made by the Finance Act, 2021, whereby a co-operative housing society (CHS) and its members are treated as ‘distinct entities’. This is the first ruling, post the



amendment. Thus, the CHS has to collect and pay GST on the amounts received against maintenance charges from its members, as it is a ‘consideration’ received for supply of goods and services, held the AAR.

According to a government circular, a CHS has to levy and collect GST at 18% on the maintenance charges, if these exceed Rs 7,500 per month per member. However, it should be noted that smaller CHS’ with an annual turnover of Rs 20 lakh or less do not have to register and consequently do not have to comply GST obligations.

✚ Read more at: [Click Here](#)

### 5. GST officials bust 23 firms in input tax credit fraud worth ₹91 crore

The firms involved in this network are M/s Girdhar Enterprises, M/s Arun Sales, M/s Akshay Traders, M/s Shree Padmavati Enterprises and 19 others. These 23 firms were floated in order to generate goods-less invoices with an intent to pass on fraudulent ITC without paying actual GST to the government. GST officials have busted a network of 23 firms involved in passing on of inadmissible input tax credit (ITC) through goods-less invoices of approximately ₹91 crore. Their modus operandi involved floating of multiple firms with the intent to avail or utilise and pass on inadmissible credit.

The officers of the Anti Evasion branch of Central Goods and Service Tax (CGST) Commissionerate, Delhi (West) unearthed a case based upon specific intelligence, informed Ministry of Finance on Sunday.

### ☐ Important Notifications under Excise / Custom/ GST:

#### ☐ GST UPDATES



Sl. No.	Particulars of the Notification(s)	File No. / Circular No.	Notification Link(s)
1	Module wise new functionalities deployed on the GST Portal for taxpayers	GSTN Circular 487	<a href="#">Click Here</a>
2	Upcoming functionalities to be deployed on GST Portal for the Taxpayers in the month of July, 2021	GSTN Circular 488	<a href="#">Click Here</a>
3	Webinars on recent functionalities related to Registration, Returns, Ledgers and Refunds deployed on GST Portal.	GSTN Circular 490	<a href="#">Click Here</a>



**❑ CUSTOM/EXCISE UPDATES**

Notification No. & date of Issue	Links	Notification Particulars
33/2021-Cus,dt. 14-06-2021 (Customs)	<a href="#">Click Here</a>	Seeks to rescind notification No. 30/2021-Customs, dated 01.05.2021.
35/2021-Cus,dt. 12-07-2021 (Customs)	<a href="#">Click Here</a>	Seeks to exempt basic customs duty on imports of specified API/ excipients for Amphotericin B and raw materials for manufacturing COVID test kits, till specified period.
Cir No. 15/2021 F. No. CBIC 140602/1/2021	<a href="#">Click Here</a>	Implementation of RMS for processing of Duty Drawback claims
Cir 14/2021 F. No.450 /26/2019-Cus. IV(Pt).	<a href="#">Click Here</a>	Improvements in Faceless Assessment - Measures for expediting Customs clearances - reg.

**❑ Important Case-laws**

➤ **Income Tax**



**1. Non-business profit/loss can be carried forward: Karnataka High Court**

The Karnataka High Court ruling has turned the spotlight on the issue of companies being allowed to carry forward profits or losses from “non-business income” or from non-core operations.

The recent ruling said if a company, while paying taxes or preparing financial statements, had categorised a certain amount as “other business income”, that amount could be used to carry forward profits or losses.

According to accounting rules, companies are allowed to carry forward profits and losses in their financial statements for up to eight years in most cases. This accounting treatment affects the company’s profitability and also the tax outgo.

In the case at the Karnataka High Court, a steel company had set off its carried forward business loss with capital gains arising from the transfer of a business asset — a piece of land. The tax department had objected to this treatment. **(Main Source ET)**

**2. Assessment - Cross-examination**

**B.Ramakrishnaiah v. Income Tax Officer [2010] [134 TTJ 600, Hyderabad]**

In the instant case, the Hyderabad Tribunal held that statement recorded under section 131 consequent to the survey action cannot be the sole basis for addition unless there is a material to support the departmental case. Further the Tribunal also held that the Department cannot rely on a statement or material and at the same time, seek to deny cross-examination on the

ground that the statement of the assessee also recorded the same issue. Natural justice requires cross-examination of witnesses, and if asked for, must be granted. If the Department relies on any exceptions, the onus lies on them to establish the existence of any exceptions. Non-providing of cross examination of witness clearly constitutes infraction of the right conferred on the assessee and that vitiated the order of assessment made against the assessee.

Reference is also made to the decision of the Delhi Tribunal in the case Centurion Investment & International Trading Co. (P) Ltd. v. Income Tax Officer, Ward 3(2), New Delhi<sup>37</sup> wherein it was held that not allowing cross examination is a defect which is procedural in nature. It is only a procedural requirement to be complied with before making the assessment under the Act. Not following the procedural provisions like allowing cross examination will not make an assessment null and void. At the most, it can be an irregularity liable to be cured and in such a case, the assessment can be set aside to be redone.

## ❑ Important Case-laws

### ➤ GST Law:

#### 1. GST Applicable Only On Monthly Maintenance Amount Exceeding ₹7500 Collected By RWAs: Madras High Court

In a major relief to members of resident welfare associations, the Madras High Court has ruled that the goods and services tax (GST) is applicable to monthly maintenance amount exceeding ₹7,500 only and not on the full amount. This means that only contributions to RWAs in excess of Rs.7,500 would now be taxable under GST.

RWAs collecting monthly maintenance amount above Rs 7500 per member would be able to save Rs 1350 per member per month, which hitherto was paid towards GST. Consequently, this will bring down the monthly bill of all the members of such RWA.

The order has emphasised the word ‘up to an amount of Rs.7,500 which can only be interpreted to state that any contribution in excess of the same would be liable to tax. Tax experts say that the term ‘upto’ connotes an upper limit. It is interchangeable with the term ‘till’ and means that any amount till the ceiling of Rs.7,500 would be exempt for the purposes of GST.

It should be remembered that the decision overturns 2019 circular issued by the Central Board of Indirect Taxes and Customs, which said exemption shall be granted only if the charges are limited to ₹7500 per month and that full amount will be taxed beyond that.

In a notification dated July 22, 2019, the ministry of finance had said that if RWA members contribute less than ₹7500 a month each, the said RWA is exempt from paying GST, irrespective of the annual turnover.

GST Notification 12/2017-CT (Rate) exempts such charges ‘upto’ an amount of Rs 7500 per member per month from the levy of GST. The GST Authorities interpreted this in a way



confirming levy of GST on the entirety of the contribution to an RWA where the contribution exceeded Rs 7500 per member per month.

The Madras High Court has quashed the circular issued by The GST Authorities and held that the term 'upto' connotes an upper limit. It is interchangeable with the term 'till' and means that any amount till the ceiling of Rs 7500 would be exempt for the purposes of GST.

**The high court also quashed an Authority of Advance Rulings (AAR) order of 2019, which said that an exemption was permissible only if the contribution was up to ₹7,500. In case the contribution was more than ₹7,500, then the exemption would not be valid and the full amount would have to be taxed, it said.**

## **2. LANDMARK - BIG NEWS for Jewellers - GST to be paid only on margin earned on resale of second-hand jewellery: AAR**

**Query: The question here is whether, in the case of the sale and purchase of used/second-hand jewellery, the application of GST should be limited to the difference between the selling and purchase price or would it be charged on the gross value?**

Jewellers will have to pay GST only on the profit earned on resale of second-hand gold jewellery, Karnataka AAR has ruled. The application to the Authority for Advance Ruling (AAR) was filed by Bengaluru-based Aadhya Gold Private Ltd seeking clarity on whether GST is to be paid only on the difference between the selling and purchase price if it purchases used/second-hand gold jewellery from individuals and there is no change in the form/nature of goods at the time of sale.

The Karnataka bench of the AAR observed that GST is payable only on the margin between the sale price and the purchase price, since the applicant was not melting the jewellery to transform it to bullion and then recreating it into new jewellery, but rather cleaning and polishing the old jewellery without changing the form of the jewellery purchased.

This ruling will lead to a massive reduction in the GST payable on an item which is primarily considered as an investment in India. At present, the industry in general, is charging GST on the gross sale value received from the buyer irrespective of the underlying facts.

### **✚ Example for analysis:**

Understanding with an Example: ABC & Co., a jeweler has bought second-hand jewellery from an unregistered customer Mr. Z. amounting to Rs. 1000. ABC & Co. sells the same jewellery after cleaning and polishing for Rs. 1300. ABC & Co. will only be liable to pay GST on the difference between the purchase and sale price of used goods, which would be  $(1300-1000)=300$ .

Thereby these rulings will have a significant positive impact on the industry by lowering the tax cost to the final consumer. In a post-covid scenario, gems and jewellery sector has strong reason to rejoice and hope that this would bring back numerous customers to their doors.

# International Taxation Corner (ITC)



## 1. Global plan to tax multinationals goes to the G20

G20 finance ministers have backed an "historic" plan which will see multinational companies pay their "fair share" of tax around the world. The plan to battle tax avoidance puts in place a minimum global corporate tax rate of 15%. It is likely to affect companies like Amazon and Facebook. So far, 132 countries have signed up to the framework, being championed by The Organisation for Economic Cooperation and Development (OECD).

G20 finance ministers meeting in Venice on Friday and Saturday could rally the world's top economies behind a global plan to tax multinationals more fairly that has already been hashed out among 131 countries representing 90 percent of world output.

On the face of it, the Group of 20 -- the world's 19 biggest economies plus the European Union -- have already backed the framework for global tax reform, agreed on July 1 among members of the Organisation for Economic Cooperation and Development (OECD) alongside China and India. The policy - which will also make companies pay more in the countries where they do business - will now go to a meeting of G20 leaders in October for final consideration.

But negotiations continue behind the scenes to convince low-tax EU countries such as Hungary, Ireland and Estonia, who declined to sign up to the OECD deal to tax global companies at a rate of at least 15%.

## 2. Dawn of new era in International tax Policy

The solution embedded in this global consensus ought to ensure that large multinational enterprises pay their fair share of tax bills across geographies, and that they do so in a manner that doesn't create artificial competition amongst these countries in driving corporate tax rates to the bottom.

The implementation of the global agreement on the two-pillar solution is targeted for 2023 through a multilateral instrument; a parallel set of legislative changes will be necessitated too under domestic tax law and bilateral tax treaties for implementing global minimum tax proposal under Pillar 2.

Ongoing global reset of tax rules is expected to yield additional US\$ 100 billion profits of large MNEs to be reallocated amongst market jurisdictions each year (under Pillar 1 solution). Under Pillar 2, implementation of the minimum tax rule is estimated to generate additional US\$ 150 billion global tax revenues per year (based on 20 to 30% of the profits in excess of 10% routine profits). Amongst other benefits, beside annual uptick in tax revenues, the new international tax policy ought to bring enhanced stability to international tax system by defining boundaries of tax competition and foster a fairer principle for allocation of taxing rights in a more digitalised economy. At the same time, the proposal for more effective dispute resolution mechanism either under mandatory arbitration or equally effective means, will help provide more certainty by way of reduced tax litigation for taxpayers globally.

📌 To read more: [Click Here](#)

## ☐ Knowledge Bucket for NRI's

1. Whether a person will be classified as NRI or not will depend on the number of days he or she has stayed in India and the quantum of income earned.

**A person will be classified as NRI if he or she fulfills any of these following conditions:**

- If a person of Indian origin or citizen of India stays outside India and visits India for a particular number of days in India,
- he or she may be classified as a non-resident India (NRI) depending on the number of days of stay in India.

2. An NRI gets taxed on the capital gains arising on the sale of shares listed on a stock exchange in India.

3. A non-resident is taxable on the salary income in respect of the services rendered in India under a deputation or any other arrangement.

## ☐ Do you know?

1. ITR Filing: Taxpayers Can Now Avail Income Tax Return Services At Post Office
2. Calcutta HC Issues Notice On Plea Challenging The Validity of The Taxation And Other Laws (Relaxation And Amendment Of Certain Provisions) Act, 2020 ([Click Here](#))
3. Processing of returns with refund claims under section 143(1) of the Income-tax Act, 1961 beyond the prescribed time limits in non-scrutiny cases-regd. ([Click Here](#))

## ☐ Disclaimer:

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Thank You

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# Weekly Taxation Newsletter

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**SAVING  
MONEY  
AND  
REDUCE  
TAXES**

**TAX  
TIME**



# *39th Weekly Taxation Newsletter*

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*“There are no secrets to success. It is the result of preparation, hard work, and learning from failure.” –Colin Powell*