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Weekly Taxation Newsletter

from 20.07.2021 to 02.08.2021




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 **39th Newsletter** “**Weekly Taxation Newsletter**” dated **03rd August, 2021** from **20th July, 2021 to 02nd August, 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 of depositing TDS/TCS liabilities for previous month.	07.08.2021
2	Due date of depositing TDS/TCS liabilities for the period April to June for quarterly deposit of TDS under section 192, 194A, 194D or 194H	07.08.2021
3	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB and 194M in the month of April, 2021	14.08.2021

□ Income Tax Due Date - Extensions

Sl.	Nature of Extension	Provisions of IT Act 1961	Original Due Date	Extended Due Date
1	Objections to Dispute Resolution Panel (DRP) and Assessing Officer under section 144C of the Income-tax Act, 1961	Section 144C	01.06.2021	31.08.2021
2	The application in Form No. 10A/ Form No.10AB, for registration/ provisional registration/ intimation/ approval/ provisional approval of Trusts/ Institutions/ Research Associations etc.,	Under Section 10 (23C), 12AB, 35 (1) (ii) / (iia) / (iii) and 80G of the Act	30.06.2021	on or before 31.08.2021
3	The compliances to be made by the taxpayers such as investment,			

	deposit, payment, acquisition, purchase, construction or such other action, by whatever name called, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB of the Act	Section 54 to 54GB of the Act	Between 01.04.2021 to 29.09.2021	30.09.2021
4	Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending 30th June, 2021	Form No. 15G/15H	15.07.2021	31.08.2021
5	Last date of linkage of Aadhaar with PAN	Section 139AA of the Act	30.06.2021	30.09.2021
6	Last date of payment of amount under Vivad se Vishwas (without additional amount)		30.06.2021	31.08.2021
7	Last date of payment of amount under Vivad se Vishwas (with additional amount)			31.08.2021
8	Time Limit for passing assessment order		30.06.2021	30.09.2021
9	Time Limit for passing penalty order		30.06.2021	30.09.2021
10	Time Limit for processing Equalisation Levy returns		30.06.2021	30.09.2021

Under the GST, 2017

A. Filing Form GSTR-1:

Tax period	Due Date	Remarks
Monthly return (July, 2021)	11.08.2021	1. GST Filing of returns by registered person with aggregate turnover exceeding INR 5 Crores. 2. Registered person, with aggregate turnover of less than INR 5 Crores, opted for monthly filing of return under QRMP

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

Form No.	Compliance Particulars	Timeline	Due Date
GSTR -6	Every Input Service Distributor (ISD)	13th of succeeding month	13.08.2021
GSTR -7	Return for Tax Deducted at source to be filed by Tax Deductor	10th of succeeding month	10.08.2021
GSTR -8	E-Commerce operator registered under GST liable to TCS	10th of succeeding month	10.08.2021

C. Non Resident Tax Payers, ISD, TDS & TCS Taxpayers

Form No.	Compliance Particulars	Timeline	Due Date
Details of outward supply- IFF	Invoice furnishing facility is available for registered person with turnover less than INR 5 Crores and opted for quarterly filing of return.	13th of succeeding month	13.08.2021

D. Other Returns:

Form No.	Compliance Particulars	Timeline	Due Date
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

Weekly Departmental updates: Income Tax

1. Refunds issued by CBDT:

CBDT issues refunds of over Rs. 43,991 crore to more than 21.03 lakh taxpayers between 1st April, 2021 to 26th July, 2021. Income tax refunds of Rs. 13,341 crore have been issued in 19,89,912 cases & corporate tax refunds of Rs. 30,651 crore have been issued in 1,12,567 cases.



2. Income tax portal levies late fee for filing returns despite the September 30 deadline

The tax department extended the return filing deadline for individual taxpayers for the financial year 2020-21 (assessment year 2021-22) to September 30, 2021, in light of the COVID-19 second wave. However, many taxpayers are complaining that the income tax portal is levying a late filing fee even when they filed their returns in the past few days. Tax filers are taking the social media route and requesting the income tax department for removing the late-filing fee from the server.

According to Income tax rules, if a person is required to furnish a return of income but fails to do so within the time prescribed, he or she will have to pay interest on the tax due. Further, as per section 234F, late-filing fees of Rs 5,000 shall be payable for a belated return. However, the amount of late-filing fees to be paid shall be Rs 1,000, if the total income of the person does not exceed Rs 5 lakh.

3. CBDT drops 24 rules, 70 forms from I-T framework

New Delhi: As part of its efforts to do away with redundant provisions and clean up the statutory framework, the Central Board of Direct Taxes (CBDT) has dropped 24 rules and over 70 forms from its playbook. The removal of these rules and forms comes at a time when the tax authority is increasingly relying on online filings. Experts said these forms were not commonly used.

In an amendment to Income Tax Rules, 1961, published on Thursday, the CBDT said the rules and forms were being omitted with immediate effect. However, any pending proceeding before the income-tax authorities, appellate tribunals or courts will continue, and agreements, appointments, approvals, recognitions, directions and notifications on the basis of the withdrawn rules and forms will remain in force.

4. Income Tax Forms 15CA/15CB filing: CBDT extends due date again in view of new e-filing portal problems

In view of difficulties reported by taxpayers in the filing of the forms online on <http://incometax.gov.in>, the CBDT has granted further relaxation in electronic filing of forms 15CA and 15CB.

In view of difficulties reported by taxpayers in the filing of the forms online on <https://incometax.gov.in>, the CBDT has granted further relaxation in electronic filing of forms 15CA and 15CB. Taxpayers can now submit Form 15CA/15CB in manual format to the authorized dealers till 15th August, 2021.

5. Govt considers tax ordinance; Microsoft seeks Telangana deal

Pension funds have been missing out on good opportunities to invest in initial public offerings but soon pension fund managers will be allowed to invest in IPOs. Comprehensive guidelines on the matter are expected within a week. More on that story and other headlines. Centre mulls Ordinance for past tax assessment as litigation mounts

The government is exploring legal options, including bringing an Ordinance, to tackle the problem of income-tax litigation on reassessment notices under old, time-barred norms, according to official sources. This has come in the wake of writ petitions filed

by companies and individuals in recent weeks to challenge the validity of the notices issued by the tax department between April 1 and June 30 and under the old norms.

6. Income Tax Return ITR E-Filing Direct Link

- There is a direct link for the e-filing of Income Tax Return. It is the official portal of Income Tax India.
- You need to visit – www.incometaxindiaefiling.gov.in to file income tax return.
- Taxpayers can file ITR, verify income tax return, link Aadhaar with PAN, know Aadhaar-PAN link status, e-pay tax, track status of e-filed Income Tax Return status, know tax deductors across India etc.



Important Circulars and Notifications:

Sl.	Particulars of the Notification(s)	File No. / Circular No.	Notification Link(s)
1.	The Income-tax (20th Amendment) Rules, 2021	Notification No. 82 /2021	LINK
2.	The Income-tax (21st Amendment) Rules, 2021	Notification No. 83 /2021	LINK
3.	Calling for region preference of candidates nominated to the post of Tax Assistant in CBDT through Combined Graduate Level Examination - 2018.	F. No. HRD/ CM/ 127 /12/2020-21 / 2847	LINK

Weekly Departmental updates:

GST Updates

1. Annual return (GSTR-9) for the FY 2020-21 is available on the portal for filing.

2. GST Applicable Only On Monthly Maintenance Amount

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.

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



₹7500 only and not on the full amount. This means that only contributions to RWAs in excess of Rs.7500 would now be taxable under GST.

The order has emphasised the word ‘up to an amount of Rs.7500 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.

3. Businesses can now self-certify GST annual returns, instead of mandatory audit by CA

GST taxpayers with a turnover of over Rs 5 crore can now self-certify their annual return, instead of a mandatory audit certification by chartered accountants, the CBIC has said. Under the Goods and Services Tax (GST), filing of annual return — GSTR-9/9A — for 2020-21 is mandatory for all registered businesses, barring those with an aggregate annual turnover of up to Rs 2 crore.

Besides, taxpayers with a turnover of over Rs 5 crore have to submit a reconciliation statement in form GSTR-9C. This statement was required to be certified after an audit by a chartered accountant. Through a notification, the Central Board of Indirect Taxes and Customs (CBIC) amended GST rules and provided that taxpayers with aggregate turnover during a financial year exceeding Rs 5 crore would furnish a self-certified reconciliation statement along with the annual return, instead of a CA certified statement.

4. Delhi Assembly passes GST Amendment Bill to smoothen tax filing process

The Delhi Legislative Assembly, on the final day of its two-day monsoon session, passed the Delhi GST (Amendment) Bill 2021 and amendments to the ambitious ‘Bed and Breakfast Scheme’.

While the GST (Amendment) Bill was presented for the dual purpose of removing difficulties faced by taxpayers of the Capital and to increase the accountability of people who evade taxes by making them liable, the amended Bed and Breakfast Scheme will seek to promote tourism in Delhi.

“There have been small changes in 15 sections in the Bill and Schedule II, paragraph 7 is being omitted from the Bill. The amendments, aim to smoothen the GST filing process and check fraud practices. one of the amendments does away with the need for a mandatory audit and reconciliation of registered traders with a turnover of 1.5 crore and above.

5. GST to be paid only on margin earned on resale of second-hand jewellery: AAR

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.

❑ Important Notifications under Excise / Custom/ GST:



❑ GST UPDATES

Sl. No.	Particulars of the Notification(s)	File No. / Circular No.	Notification Link(s)
1	Filing of Annual returns by composition taxpayers. - Negative Liability in GSTR-4	GSTN Circular 491	Click Here
2	New functionality on Annual Aggregate Turnover (AATO) deployed on GST Portal for taxpayers.	GSTN Circular 492	Click Here
3	Functionality to check and update bank account details.	GSTN Circular 493	Click Here
4	Seeks to exempt taxpayers having AATO upto Rs. 2 crores from the requirement of furnishing annual return for FY 2020-21.	31/2021-Central Tax dated 30.07.2021	Click Here
5	Seeks to amend Rule 80 of the CGST Rules, 2017 and notify Form GSTR 9 and 9C for FY 2020-21. Rule 80 provides for exemption from GSTR-9C to taxpayers having AATO upto Rs. 5 crores.	30/2021-Central Tax dated 30.07.2021	Click Here
6	Seeks to notify section 110 and 111 of the Finance Act, 2021 w.e.f. 01.08.2021.	29/2021-Central Tax	Click Here

7	Clarification regarding extension of limitation under GST Law in terms of Hon'ble Supreme Court's Order dated 27.04.2021.	157/13/2021- GST	Click Here
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CUSTOM / EXCISE UPDATES

Notification No. & date of Issue	Links	Notification Particulars
38/2021-Cus,dt. 26-07-2021 (Customs)	Click Here	seeks to amend notification No. 50/2017-Cus dated 30.06.2017 to reduce the basic customs duty from 10% to Nil on Lentils (Masur) [HS 0713 40 00] and to amend notification No. 11/2021-Cus dated 1.02.21 to reduce the Agriculture Infrastructure Development Cess on Lentils (Masur) [HS 0713 40 00] from 20% to 10%.
42/2021-Customs (ADD), dt.01.08.2021 (Customs)	Click Here	Seeks to amend notification No. 48/2017-Customs (ADD), dated the 9th October, 2017 to extend the levy of Anti-Dumping duty on ' Wire Rod of Alloy or Non-Alloy Steel ' originating in or exported from China PR up to and inclusive of 31st January, 2022 .
41/2021-Customs (ADD), dt. 31.07.2021 (Customs)	Click Here	Seeks to further amend notification No. 23/2016-Customs (ADD) dated 6th June, 2016 to extend the levy of Anti-Dumping duty on Polytetrafluoroethylene originating in or exported from Russia, up to and inclusive of 30th November, 2021.

Important Case-laws

Income Tax



1. Saurashtra Cement Ltd (Supreme Court)

Question: What is the nature of liquidated damages received by a company from the supplier of plant for failure to supply machinery to the company within the stipulated time a capital receipt or a revenue receipt?

Case Summary: The damages were directly and intimately linked with the procurement of a capital asset i.e., the cement plant, which lead to delay in coming into existence of the profit-making apparatus. It was not a receipt in the course of profit earning process. Therefore, the amount received by the assessee towards compensation for sterilization of the profit earning source, is not in the ordinary course of business, hence it is a capital receipt in the hands of the assessee.

2. Handicrafts and Handlooms Export Corporation of India Ltd. (High Court)

Question: What is the nature of grant received by a subsidiary company from its holding company to recoup the losses incurred year after year and to enable it to meet its liabilities -Capital or Revenue?

Case Summary: The High Court, observed that in all the years, it was the case of a 100% holding company coming to the rescue of its subsidiary.(SC), which requires the nature of subsidy to be decided on the basis for which the subsidy was given, the High Court held that grant given by the holding company in this case is in the nature of capital receipt since its purpose is to secure and protect the capital investment made in the subsidiary company

Important Case-laws

➤ GST Law:



1. M/s Britannia Industries Vs UOI 2020-TIOL-1495-HC-AHM-GST

The AAR decided on the question whether different types of wellness packages (the Pack-ages) such as Naturopathy, Ayurveda, Yoga and meditation, Physiotherapy and special therapy (the Therapies) is exempted on account of health care services provided by a clinical establishment in terms of Entry No. 74 of Notification 12/2017.

The Hon'ble AAR observed that the Packages offered by the Applicant for the Therapies is strictly on residence basis and same is evident from the fact that consideration is solely dependent on the type of room opted by customer. Thus, accommodation becomes primary activity in the entire package.

Consequently, it has been held that services provided by the Applicant is composite supply of services, accommodation service, being principal supply falling under Heading 9963. Further it has been held that exemption has been provided to services by way of healthcare services by a clinical establishment services classifiable under Heading 9993 falling under Entry No. 74 of the Notification 12/2017. Thus, benefit of the exemption under the Notification has been denied to the Applicant.

2. M/s Tata Motors Limited 2020-TIOL-245-AAR-GST

The department rejected refund of unutilized ITC filed by the Petitioner which is operating as a Special Economic Zone (SEZ) unit. Department contended that Rule 89 of the CGST Rules allows refund of ITC only to supplier of goods or services for supplies made to SEZ unit, however the Petitioner is not supplier of goods or services to SEZ unit but SEZ unit itself, thus, not eligible to claim refund of ITC under Section 54 of the CGST Act. Department further contended that the Petitioner received ITC on services from Input Service Distributor (ISD) which is not supplier of services.

The Hon'ble High Court observed that outward supplies made by SEZ unit is zero rated supply and there is no statutory provision barring refund of accumulated ITC to SEZ unit relating to zero rated supplies. Accordingly, it has been held that the Petitioner is entitled to claim refund of ITC of GST distributed by ISD and there is no specific supplier who can claim refund under GST laws.

☐ International Taxation Corner (ITC)



☐ Decoding ITCI

✚ What is ITCI?

The ITCI is an abbreviation of “International Tax Competitiveness Index”. It is an index that ranks various global countries based on the existing competitive tax environment. In simpler words, a country scores higher rank if it has less complex and more friendly taxation system.

✚ Need and Utility of ITCI

With the world getting closer and more inter-dependent, different businesses started diversifying geographically for varied reasons including higher international market stakes, better access to resources and so on.

As a result of this, international trade was enhanced and so were cross country trades. The taxation system was different in every country and eventually businesses needed a better understanding of the taxation system to evaluate and analyze the profitability and legalities of investing in various countries. This gave rise to a need for uniform ranking system that could be used by businesses globally and hence lead to the development of ITCI.

✚ Preparation of ITCI

The ITCI is prepared by the OECD i.e. Organization for Economic Co-operation and Development. It is generally prepared every year. According to the 2020 Index, a small European country named Estonia tops the list. An interesting fact about Estonia is that it has been topping the list for seven consecutive years now.

The criteria for determining the index position includes neutral tax code, tax rates, tax structures, consumption taxes, property taxes, treatment of profits earned overseas, treatment of incomes under double taxation etc.

From another point of analysis for the index it can be concluded that countries with a higher ranking on Individual and Corporate Tax front have a higher rank in the overall ITCI.

✚ India and ITCI

India lags way too behind in the Index. There are multiple reasons for the same such as a

multitude of tax rates and tax types. This also considers the fact that Indian taxes are economically more distortive and complex. The improvisation factor also includes less complex litigation structure and speedier disposal of disputes.

Wrapping up, we have more reasons to simplify the taxation structure. If we really want to be an international investment hub then this is a factor that definitely needs immediate attention and an efficiently executable plan because it is high time that we buckle up!

Knowledge Bucket for NRI's

TRANSFER OF PROPERTY TO NRI CHILDREN

The transfer of ownership of inherited property is not very complicated if you are an ordinary citizen of India. However, the rules are different when it comes to Indians settled abroad.

For starters, any transfer of property to non-resident Indians (NRIs) and persons of Indian origin (PIOs) must comply with the Foreign Exchange Management Act (FEMA). The person bequeathing the property should have also acquired it in compliance with FEMA regulations or any other foreign exchange law in force at the time of acquisition of the property.

When an NRI sells property, the buyer is mandated to deduct TDS and deposit the amount with the government, on behalf of the seller. TDS will be 20% in case the property is sold after two years of purchase and 30% in case it is sold within two years. If no tax is payable, the TDS can be claimed as a refund by filing income tax return.

One big concern is the repatriation of sales proceeds from India. One can repatriate property sales proceeds of up to \$1 million (Rs 7.4 crore) in a financial year after obtaining permission from the RBI. The amount cannot exceed:

1. The amount paid for acquisition of the property in foreign exchange received through normal banking channels or out of fund held in the Foreign Currency Non-Resident account
2. The foreign currency equivalent as on the date of payment, of the amount paid where such payment was made from the funds held in Non-Resident External account for the acquisition of the property.

Please note that such repatriation from sale of residential properties cannot be done more than two times by an individual.

Do you know?

1. Taxpayers are required to report the exempt income under 'Schedule EI' such as agriculture income, exempt income of minor child, income not chargeable to tax as per Double Taxation Avoidance Agreement, etc.

2. In case the taxpayer has furnished requisite salary, income details earned from previous employer(s) to the current employer, a consolidated Form 16 and 12BA can be issued by the current employer basis which an ITR can be filed. Otherwise, it may lead to shortfall in TDS owing to duplication of slab benefit, deductions, exemptions provided by all employers. In that scenario, additional taxes due on the return along with applicable interest should be paid before filing the tax return.
3. The Finance Act, 2020 introduced a new optional tax regime for taxpayers with modified tax slabs and rates, in lieu of foregoing prescribed exemptions and deductions. Taxpayers will have the option to choose from the old and new tax regimes while filing the tax return. Salaried taxpayers can also change the regime, which they have already declared to their employer at the time of filing ITR.

❑ Disclaimer:

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Thank You

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Our Editorial Experts

EXPERT
ADVICE



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**SAVING
MONEY
AND
REDUCE
TAXES**

**TAX
TIME**



40th Weekly Taxation Newsletter

*“The harder you work for something, the greater you'll feel
when you achieve it.” – Susan Johanson*