

06TH SEPTEMBER, 2021

VOLUME 43

# Weekly Taxation Newsletter

from 27.08.2021 to 05.09.2021




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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**TAX  
TIME**



### Dear Readers,

We are delighted to share our 43<sup>rd</sup> Newsletter “**Weekly Taxation Newsletter**” dated **06<sup>th</sup> September, 2021** from **27<sup>th</sup> August, 2021 to 05<sup>th</sup> September, 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.	07.09.2021
2.	Deposit of equalization levy	07.09.2021
3	Due date for issue of TDS Certificate for tax deducted under section 194-IA, section 194-IB and section 194-M in the month of August 2021	14.09.2021

### □ Income Tax Due Date - Extensions

Sl.	Nature of Extension	Provisions of IT Act 1961	Original Due Date	Extended Due Date
1.	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
2.	Last date of linkage of Aadhaar with PAN	Section 139AA of the Act	30.06.2021	30.09.2021

3.	Time Limit for passing assessment order		30.06.2021	30.09.2021
4.	Time Limit for passing penalty order		30.06.2021	30.09.2021
5.	The Central Board of Direct Taxes (CBDT) has further extended the deadline for the Direct Tax Vivad Se Vishwas scheme (DTVSV) for payment of tax arrears without any additional amount till September 30, 2021. The earlier deadline for the same was August 31, 2021.	Direct Tax Vivad Se Vishwas scheme (DTVSV)	31.08.2021	30.09.2021

### □ Under the GST, 2017

#### □ Filing Form GSTR-1:

Tax period	Due Date	Remarks
Monthly return (August, 2021)	11.09.2021	Taxpayers having an aggregate turnover of more than Rs. 1.50 Crores or opted to file Monthly Return

#### □ 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	13.09.2021
GSTR -7	Return for Tax Deducted at source to be filed by Tax Deductor	10th of succeeding month	10.09.2021
GSTR -8	E-Commerce operator registered under GST liable to TCS	10th of succeeding month	10.09.2021

#### □ Non Resident Tax Payers, ISD, TDS & TCS Taxpayers

Form No.	Compliance Particulars	Timeline	Due Date
Details of outward supply-IFF	Registered Person Opted to File Quarterly GSTR-3B Return (QRMP) Invoice furnishing facility is available for registered person with turnover less than	13th of succeeding month	13.09.2021

INR 5 Crores and opted for quarterly filing of return.

### ❑ **Weekly Departmental updates: Income Tax**

#### 1. I-T dept issues refunds to 24 lakh taxpayers;

The Central Board of Direct Taxes (CBDT) has initiated refunds to more than 23.99 lakh taxpayers worth Rs 67,401 crore between April 1, 2021, and August 30, 2021, said the Income Tax Department.

Income tax refunds of Rs 16,373 crore have been issued in 22,61,918 cases & corporate tax refunds of Rs. 51,029 crore have been issued in 1,37,327 cases, the direct tax body said.



#### 2. Income Tax Return filing FY21: Know all the key changes

Income tax return filing is one of the most important financial tasks every year. Although the last day to file ITR is generally is July 31, the deadline for ITR filing for the financial year 2020-21 has been extended to September 30, 2021. The income tax department in July launched a new e-filing portal ([www.incometax.gov.in](http://www.incometax.gov.in)) to speed up the processing of tax returns.

Every year, there are certain changes that are incorporated in the forms issued for filing income tax returns (ITR) and the processes involved, which the taxpayer should know about, which includes:

- a) Prefilled ITR forms
- b) Choosing between new tax regime or old tax regime
- c) Change in tax forms
- d) JSON facility
- e) Mandatory filing of an ITR even if income below taxable bracket.

✚ *Read full info at: [Click Here](#)*

#### 3. CPI (M) alleges ploy to enhance property tax

The CPI(M) has demanded that the State government halt its attempts to increase property tax in all municipalities and corporations of the State.

Urban residents are already under severe financial distress induced by COVID-19 pandemic and any further taxation will only lead to chaos, a statement from the city unit of the party said. In order to avail additional loan offer by the Centre based on multi-pronged reforms, the State government has agreed for urban reforms, the statement alleged. *Read full info at: [Click Here](#)*

#### 4. Calculation of taxable interest on PF contributions – Government issues notification

As of now, interest earned on provident fund balance is fully exempted from tax in the hands of the employee. However, in Budget 2021, the Finance Minister Nirmala Sitharaman had proposed taxability of interest on various provident funds, where the

specified limit exceeds. The government has issued a notification regarding the calculation of taxable interest relating to contribution in a provident fund or recognised provided fund, exceeding specified limit. The Income-tax (25th Amendment) Rules, 2021 will come into force on 1st day of April, 2022.

### 5. Subscribers could be allowed to maintain 2 PF accounts:

The Central Board of Direct Taxes (CBDT) said that the Employee Provident Fund (EPF) subscribers whose contribution exceeds Rs 2.5 lakh in a financial year will be required to maintain two separate accounts from the ongoing financial year.

CBDT's guideline has been issued after Budget 2021-22 made space for a new provision making interest on annual PF contributions of more than Rs 2.5 lakh taxable. So, with two separate accounts - taxable account and non-taxable account - in place, it will be easier for taxpayers and the income tax department to calculate the interest on such investments.

The notification suggests that the new rule will be implemented from the financial year 2021-22. This means that interest on all your EPFO contributions above Rs 2.5 lakh will be taxable. However, for EPFO accounts that don't receive contributions from the employers' side, the limit on interest on PF investments is set at Rs 5 lakh.

### 6. Odisha launches new e-receipt model for tax, dues payment

In an effort to enhance electronic payment of taxes and dues easier, the Odisha government on Thursday rolled out a revamped platform, an official said. In the new system, e-Receipt 2.0, payment gateway service providers of Indian Bank and Axis Bank were integrated with the Odisha Treasury portal.

Launching the new platform, Chief Secretary S C Mohapatra said it will provide facilities such as payment through card, UPI ID, QR code and wallet. Service legal agreements were signed between the state government and Indian Bank and Axis Bank for use of payment gateways - Bill desk and CC Avenue.

## Important Circulars and Notifications:



Sl.	Particulars of the Notification(s)	File No. / Circular No.	Notification Link(s)
1.	Extension of time lines for electronic filing of various Forms under the Income-tax Act, 1961	Circular No. 16 /2021	<a href="#">Click Here</a>
2.	Notification No. 94/2021 [F.No.IT(A)/01/2020-TPL (Part-I)-(Part- I)] / S.O. 3536(E)	Notification No. 94/2021	<a href="#">Click Here</a>

3.	The Income-tax (25th Amendment) Rules, 2021	Notification No. 95/2021	<a href="#">Click Here</a>
4	Constitution of Board for Advance Rulings under the section 245-OB Income-tax Act, 1961	Notification No. 96/2021	<a href="#">Click Here</a>
5	Notification of the appointed date to give effect to the amendments made by the Finance Act, 2021 to the Chapter XIX-B of the Income tax Act, 1961	Notification No. 97/2021	<a href="#">Click Here</a>
6	Notification No. 98/2021 [F. No. 370142/11/2021-TPL] / SO 3595(E)	Notification No. 98/2021	<a href="#">Click Here</a>
7	The Income-tax (26th Amendment) Rules, 2021	Notification No. 99/2021	<a href="#">Click Here</a>

### ❖ Weekly Departmental updates:

#### ☐ GST Updates

**1. Reconciliation statement (GSTR-9C) for the FY 2020-21 is available on the portal for filing**

**2. GST Council to meet on Sept 17, to review rate on Covid essentials**

The meeting on September 17 could discuss compensation to states for loss of revenue, review of rates on COVID essentials, and inverted duty on certain goods.

The upcoming Goods and Service Tax (GST) Council meeting is unlikely to provide tax relief to automobile sector, which has been explicitly vocal about the troubles faced by the industry amid the pandemic and called for a reduction in taxes.

The previous Council meeting was held via videoconferencing on June 12 during which tax rates on various COVID essentials were reduced till September 30. Goods and Services Tax rates were slashed on COVID drugs such as Remdesivir and Tocilizumab as well as on medical oxygen, and oxygen concentrators other COVID essentials.

**3. GST fraud worth Rs 323 crore unearthed in Odisha, 2 arrested**

Odisha's Goods and Services Tax (GST) enforcement wing has arrested two people in connection with a fraud. The racket involved fake invoicing of Rs 1,819 crore to claim input tax credit (ITC) worth Rs 323 crore.

“The two availed and passed ITC worth Rs 323 crore by raising fake purchase and sale invoices to the tune of Rs 1,819 crore in the name of 13 fictitious or non-existent business entities.



Commercial Taxes and GST Commissioner Sushil Kumar Lohani told India Today TV that the department has arrested a chartered accountant and his associate Satindra Kumar Yadav for allegedly creating and operating 13 fictitious firms.

The fraudulent activity impacted many states including West Bengal, Jharkhand, Chhattisgarh and Delhi. Officers went to different states and conducted investigations, taking the help of the jurisdictional officers concerned.

#### **4. GST new rule! Non-filers of GST returns to be barred from filing GSTR-1 from 01<sup>st</sup> Sept 2021**

*Businesses have to file GSTR-1 by the 11th day of the subsequent month while they can file GSTR-3B in a staggered manner between the 20th-24th day of the succeeding month*

Goods and Service Tax Network (GSTN), which manages the entire IT system of the GST portal, has announced that businesses that have not filed GSTR-3B returns form for the past two months will not be allowed to file details of outward supplies in GSTR-1 from September 1, 2021.

GSTN said in its advisory that Rule-59(6) of Central GST Rules which provides for restriction in the filing of GSTR-1, will come into effect from September 1, 2021. The new rule implements that a “registered person shall not be allowed to furnish the details of outward supplies of goods or services or both in Form GSTR-1 if he or she has not furnished the return in Form GSTR-3B for the preceding two months.”

#### **5. "No GST On Papad, Whatever Its Shape": Tax Body Corrects Harsh Goenka**

Papad, whatever its shape or name, is exempted from GST, the government's indirect taxation agency clarified today after a social media post claimed that a round papad is exempted from the tax while a square variant attracts it.

Responding to the post, the Central Board of Indirect Taxes and Customs, which is responsible for indirect taxation in the country, clarified through its official handle, "Papad, by whatever name known, is exempt from GST vide Entry No. 96 of GST notification No.2/2017-CT(R). This entry does not distinguish based on the shape of papad. This notification is available at <http://cbic.gov.in>."

The GST is applicable on all goods and services except on alcoholic beverages and petroleum products. **Read more at:** [Click Here](#)

#### **6. Deadline for late fee amnesty under GST extended till November 30, 2021**

Taxpayers are requested to avail the benefit of these extensions at the earliest to avoid last minute rush, Finance Ministry said after extending several GST-related deadlines.

Finance Ministry has also extended timelines related to application for revocation of cancellation of registration and use of electronic verification code for filing GSTR-1 and GSTR-3B.

Ministry of Finance has extended the last date to avail of the late fee amnesty scheme under Goods and Services Act (GST), has now been extended to **November 30, 2021**. The scheme was scheduled to expire on August 31, 2021.

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



### ❑ GST UPDATES

Sl. No.	Particulars of the Notification(s)	File No. / Circular No.	Notification Link(s)
1	Implementation of Rule-59(6) on GST Portal	GSTN Updates 500	<a href="#">Click Here</a>
2	Advisory on HSN and GSTR-1 Filing	GSTN Updates 501	<a href="#">Click Here</a>
3	Date for filing application for revocation of cancellation of registration extended	GSTN Updates 503	<a href="#">Click Here</a>
4	Seeks to make seventh amendment (2021) to CGST Rules, 2017.	32/2021-Central Tax dated 29.08.2021	<a href="#">Click Here</a>
5	Seeks to extend FORM GSTR-3B late fee Amnesty Scheme from 31.08.2021 upto 30.11.2021.	33/2021-Central Tax dated 29.08.2021	<a href="#">Click Here</a>
6	Seeks to extend timelines for filing of application for revocation of cancellation of registration to 30.09.2021, where due date for filing such application falls between 01.03.2020 to 31.08.2021, in cases where registration has been canceled under clause (b) or clause (c) of section 29(2) of the CGST Act.	34/2021-Central Tax dated 29.08.2021	<a href="#">Click Here</a>

### ❑ CUSTOM/EXCISE UPDATES

Notification No. & date of Issue	Links	Notification Particulars
41/2021-Cus, dt 30-08-2021 (Customs)	<a href="#">Click Here</a>	Seeks to amend notification No. 28/2021-Customs to extend the exemptions under the said notification up to 30th September, 2021.
69/2021 – Customs (NT) d.t 31.08.2021 (Customs)	<a href="#">Click Here</a>	Fixation of Tariff Value of Edible Oils, Brass Scrap, Areca Nut, Gold and Silver- Reg.



49/2021-Customs (ADD),  
dt. 31.08.2021

[Click Here](#)

seeks to amend Notification number 48/2016-Customs(ADD) dated 1st September, 2016 , to extend the levy on "Glass Fibre and Articles thereof" from China PR upto 31st October, 2021 .

## *Important Case-laws*

### *Income Tax*



#### **1. HC stays I-T reassessment notice under Sec 148 in VIT case**

**The Income Tax department claimed that the assessee's income chargeable to tax for the assessment year 2015-16 has 'escaped' attention.**

The Madras High Court (MHC) on Tuesday stayed the operation of an Income Tax reassessment notice issued after March 31, 2021, under section 148 of the Income Tax Act on the ground that income had 'escaped assessed'. The Delhi High Court recently issued a stay in a similar case.

Vellore Institute of Technology's (petitioner) grievance pertains to a notice issued on April 12, 2021, apparently under Section 148 of the Income Tax Act, 1961. The relevant notice issued by the Assistant Commissioner of Income Tax (Exemptions), Chennai, claims that the officer has reasons to believe that the petitioning assessee's income chargeable to tax for the assessment year 2015-16 has 'escaped' attention within the meaning of Section 147 of the Act.

The petitioner also referred to the amended provisions of the Act and the prerequisites for issuing a notice under Section 148 of the Act. Prima facie, the impugned notice of April 12, 2021 appears not to adhere to at least one of such pre-conditions. Accordingly, the impugned notice dated April 12, 2021, will remain, said an order issued by Chief Justice Sanjib Banerjee and Justice Senthilkumar Ramamoorthy granting a stay of the notice issued by the IT department.

 To read more: [Click Here](#)

#### **2. Orissa HC issues notices to Centre in BJD income tax case**

The Orissa High Court has issued notices to the Government of India on a petition filed by the Biju Janata Dal (BJD) challenging the reopening of the assessment of the regional party's income for 2014-15.

The notice, issued by the Income Tax department, had sought to add Rs 8 crore to BJD's earnings chargeable to income tax on the ground that the voluntary contribution amount was received from a donor (General Electoral Trust) who did not have a Permanent Account Number (PAN).

The BJD's petition hinges on the contention that the impugned notice under section 148 of the Income Tax Act, 1961 for the Assessment Year (AY) 2014-15 has been issued more than a month after the expiry of the maximum permissible period of six years after the conclusion of the AY.

The second issue raised by the petition is that under section 148 of the Act, as amended in 2021, it is mandatory for the department to conduct an enquiry under section 148 A of the Act even before issuing a notice. In the present case, this mandatory requirement has not been complied with, the petition further contends.

To read more: [Click Here](#)

## ☐ Important Case-laws

### ➤ GST Law:

#### 1. 'No reversal of ITC on manufacturing process loss'

The Hon'ble Madras High Court in ARS Steel & Alloy International Pvt. Ltd. v. the State Tax Officer [W.P. Nos. 2885,2888,2890,3930,3936 and 3933 of 2020 and WMP. Nos. 3341,3345,3336,4664, 4656 and 4661 of 2020 and W.P. No. 2885 of 2021, dated June 24, 2021] set aside the assessment orders passed by the Revenue Department rejecting a portion of the Input Tax Credit ("ITC") on inherent manufacturing loss claimed by the assessee.

*Held that, reversal of ITC under Section 17(5)(h) of the Central Goods and Services Tax Act,2017 ("the CGST Act") in case of loss of input which is inherent to manufacturing loss is misconceived, as such loss is not contemplated or covered by situations adumbrated under Section 17(5)(h) of the CGST Act.*

Hon'ble High Court relied on the case of Rupa & Co. Ltd. V. Cestat, Chennai (2015 (324) ELT 295) wherein it was held that some amount of consumption of the input was inevitable in the manufacturing process.

Therefore, ITC should be granted on the original amount of input used notwithstanding that the entire amount of input would not figure in the finished product. Therefore, Hon'ble High Court held that loss due to inherent nature of manufacturing process is not covered under Section 17(5)(h) of CGST Act, 2017 and impugned order is liable to be set aside.

#### DECISION OF HON'BLE HIGH COURT

- Reversal of ITC on account of loss by consumption of input which is inherent to manufacturing loss under section 17(5)(h) is misconceived.
- Such losses are not covered under Section 17(5)(h) of CGST Act.
- Therefore, impugned order is liable to be set aside.

✚ To read more: [Click Here](#)



## 2. [Union of India v. Brand Equity Treaties Limited [2020] 117 taxmann.com 225 (SC)]

### Transitional Credits: Supreme Court stayed Delhi HC decision in case of Brand Equity

The Hon'ble Delhi High Court in the case of Brand Equity Treaties Ltd. pronounced on 5-5-2020 held that Rule 117 of the CGST Rules is directory in nature, as far as it prescribes the time-limit for transitioning of credit. In case the credit is not availed within the period prescribed, it would not result in the forfeiture of the rights. However, it does not imply that the availing of CENVAT credit can be in perpetuity. In absence of any specific provisions under the GST Act, the residuary provisions of the Limitation Act, the period of 3 years should be the guiding principle. Therefore, period of 3 years from the appointed date would be the maximum period for availing of transitional credit.

Accordingly, all the Petitioners who have filed or attempted to file Form TRAN-1 within the aforesaid period of 3 years shall be entitled to avail the credit. Hence, petitioners were permitted to file Form TRAN-1 on or before 30-06-2020. The authorities were directed to either open the GST portal enabling Petitioners to file TRAN-1 electronically or to accept the same manually.

The department filed SLP before the Hon'ble Apex Court against the above mentioned order of the Hon'ble Delhi High Court. The Hon'ble Apex Court has stayed the said order of Delhi High Court.

## International Taxation Corner (ITC)



### 1. Brazil income tax reform: International tax strategies reassessment

The Brazilian Tax Law is under review. For now, the Brazilian National Congress is discussing some important constitutional amendments and law projects on two fronts:

- Unification of the existing consumption related taxes, possibly in the form of a comprehensive and simplified VAT; and
- The income tax reform, a set of nuclear legal modifications that can imply some structural changes in the Brazilian tax system.

All these changes give rise to multiple discussions from different perspectives. This article will focus on the need to replan international tax structures in view of the possible modifications of income tax legislation in Brazil, come they true. (Read more at: [Click Here](#))

### 2. Why tax transparency report enhances value

Stakeholders' growing demand for tax info from MNCs necessitate the maintenance of maximum standards of tax transparency

Global tax environment has entered a new era of transparency. In today's world, the focus on transparency is not just a legal requirement, but one of the cornerstones of long-term value propositions to deliver value to shareholders and society. Stakeholders' growing demand for tax information from multinational companies necessitate the maintenance of maximum standards of tax transparency.

Tax Transparency Report (TTR) is an annual report providing an overview of tax strategy, governance and tax contributions made by a particular corporate group to the government. This helps to facilitate information about its contribution to economic development, improve stakeholder understanding of its business, build trust, ensure robust tax governance, improve transparency of tax payments and compliance with tax authorities. Thrust areas of a TTR encompasses company's overall contribution towards economic development, its tax planning and sustainability under the current tax statutes, the tax governance and various strategies followed by the company in the form of substance and aligning the same with its commercial and business purpose, company's contribution to government treasury in the form of various statutory taxes and levies, consolidated tax contribution summary for all group entities and the overall group tax strategy statement in compliance with tax laws of the jurisdictions where it operates. (Read more at: [Click Here](#))



## Knowledge Bucket for NRI's

- ✚ Section 6 of the Income Tax Act prescribes provisions for determination of residential status of an individual. Residential Status is determined by the number of days present in India. Taxability of various sources of income of NRI is governed by the Residential Status of the individual and can be classified into three categories - i) Resident and Ordinarily Resident (ROR); ii) Resident but Not Ordinarily Resident (RNOR); and iii) Non-Resident (NR).
- ✚ If an Indian citizen or Person of Indian Origin (PIO) is on a visit to India, and his total Income from Indian Sources during the FY exceeds 15 lakhs, then the 60 days mentioned in (A)(ii) above will be read as 120 days In other cases, it will be read as 182 days
- ✚ NRI taxpayer is not required to disclose the details of foreign assets in ITR held at any time during the FY. This disclosure requirement is applicable for Resident taxpayers only.

## Do you know?

- ✚ Finance Bill 2020 introduced an amendment stating that a person of Indian origin will be 'deemed to be a resident in India' if his income from Indian sources is more than Rs 15 lakhs, and his other income is not liable to tax in any other country. The residency period of such individuals has been reduced to 120 days.

- ✚ JB Mohapatra has been appointed as the chairman of the Central Board of Direct Taxes, the finance ministry said in a notification Wednesday. Mohapatra had been officiating as the chairman of the Board since June this year.
- ✚ The Income Tax Department has urged taxpayers to "quickly" send an online response so that their pending refunds for assessment year 2020-21 can be processed expeditiously.
- ✚ Finance Minister Nirmala Sitharaman, in a meeting with Infosys CEO Salil Parekh today, expressed "deep disappointment" plaguing the new income tax portal for more than two months after launch and gave him till September 15 to resolve all issues.

### ❑ 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. In no event the author shall be liable for any direct, indirect, special or incidental damage resulting from or arising out of or in connection with the use of this information.*

*\*(We consider various sources including ET)*

*Thank You*

**06.09.2021 - Vol. 43\***

# Weekly Taxation Newsletter

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## *Our Editorial Experts*

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**CS LALIT RAJPUT**



**CA HEER GAJJAR**

**SAVING  
MONEY  
AND  
REDUCE  
TAXES**

**TAX  
TIME**



# *43rd Weekly Taxation Newsletter*

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*“If you don’t love what you do, you won’t do it with  
much conviction or passion.” – Mia Hamm*

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