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FINANCE

1.0 Govt mulls national institute for valuers

The Ministry of Corporate Affairs is planning to establish a National Institute for valuers. The registered valuer profession is regulated by the Insolvency and Bankruptcy Board of India.

All valuations done under the Companies Act, 2013 and the Insolvency and Bankruptcy Code must be done by registered valuers.

2.0 National E-Commerce policy within 12 months

The government is planning to come out with a national e-commerce policy within 12 months to facilitate achieving overall growth of the sector.

An institutional framework will be out in place to bring out a national policy on e-commerce within next 12 months.

3.0 Complaint Management System by RBI

The Reserve Bank of India (RBI) has launched Complaint Management System (CMS), which is a software application to facilitate RBI's grievance redressal processes. Members of public can access the CMS portal at RBI's

website to lodge their complaints against any of the entities regulated by RBI.

CMS has been designed to enable on-line filing of complaints. It provides various features including acknowledgement through SMS/Email notification, status tracking through unique registration number, receipt of closure advises and filing of Appeals etc.

Corporate Laws

1.0 Annual Return on Foreign Liabilities and Assets

The Reserve Bank of India (RBI) has issued new norms for filing of Annual Return on Foreign Liabilities and Assets Reporting by Indian Companies. The email-based reporting system for submission of the FLA return has been replaced by web-based system online reporting portal.

The New System requires registration of the Business Entities by filing the User Registration Form along with Authority Letter and Verification Letter. After successful registration on web-portal it will enable users to generate RBI-provided login-name and password for using FLA submission gateway

and would include system-driven validation checks on submitted data.

2.0 Amendment in CSR Activities

The Ministry of Corporate Affairs (MCA) has brought further amendments to Schedule VII of the Companies Act, 2013 by adding disaster management, including relief, rehabilitation and reconstruction activities under CSR Activities.

3.0 No prior Licence required to start Section 8 Company

The Ministry of Corporate affairs has dispent the requirement of obtaining License under the provisions of the Section 8 from Registrar of Companies, before incorporation of the company with effect from August 15, 2019.

4.0 KYC of Directors not mandatory

The Ministry of Corporate Affairs has issued circular and informed that every person who has already filed DIR-3 KYC will only be required to complete KYC through a simple web-based verification service, with pre-filled data based on the records in the registry.

However, in case member wishes to update his Email and Mobile Number he would be required to file DIR KYC.

5.0 Form NFRA-1 to be filed by July 31

The National Financial Reporting Authority (NFRA) has now made it mandatory for certain body corporates to file with it the details of their auditor appointments by July 31, 2019.

This move could require foreign subsidiaries of Indian companies and other body corporates to submit the NFRA-1 form

6.0 Reminder for filing of Active Form INC 22A for Active Non-Complaint Companies

The Tagging of non-compliant Companies/Directors for not filing eForm Active (INC-22A) has been completed by MCA. The form (ACTIVE) can now be filed with a fee of INR 10000.

TAXATION

1.0 Assessment of Firms

The CBDT has issued a circular highlighting important issues that should be considered by the Assessing Officer, while assessing the Partnership firms. The expenses in the hands of the firm such as interest on capital paid to the partners, remuneration payable to the working partners are taxable in the hands of respective partners.

Further it has been prescribed that the partnership deed should form the basis for determination of remuneration payable to the working partners.

2.0 Extension for Filing of GST 9, GSTR 9A and GSTR 9C

The due date for the filing of Annual Goods and Services Tax (GST) returns GST 9, GSTR 9A and GSTR 9C for 2017-18 fiscal has been extended by two months till August 31, 2019.

3.0 SMS Alert to Promoters by GSTIN

The GST Network has developed a system whereby SMS are being sent to promoters, directors and proprietors automatically in case of default in payment of tax, filing of returns or mismatch in claims by the business entities.

Wherever there is a difference between GSTR-3B and GSTR-1, GSTR-3B and e-way bill, reminder SMS are being sent not only to the authorised signatories, but also to the promoters of businesses and directors on board.

4.0 No reopening of cases beyond 4 years

The provisions are governed by Section 149 of the Income Tax Act. However, when it comes to issuing a notice for the extended period of six years, certain conditions apply.

An officer can reopen a case only if a taxpayer has failed to file a return or hasn't provided documents or information or disclosed all material facts necessary for assessment.

5.0 CBDT Extends Due date of Filing TDS statement

CBDT has Extended due date for Filing TDS statement in Form 24Q on account of revision and consequent updating of the File Validation Utility for online filing from May 31, 2019 to June 30, 2019.

6.0 Procedure for Online Submission under Section 200, 206C (3)

CBDT has notified the procedure for online submission of statement of deduction of tax under section 200(3) and statement of collection of tax under proviso to section 206e(3) of the Income-tax Act, 1961 read with rule 31A(5) and rule 31AA(5) of the Income-tax Rules, 1962 prescribing requirements including deductor/collector mandatorily holding a Valid TAN to register for E-filing, Return Preparation Utility (RPU) and File Validation Utility (FVU). The statement may be uploaded using Digital Signature (DSC) or Electronic Verification Code (EVC).

7.0 Non-allowability of set-off of losses against the deemed income

CBDT has issued Circular date June 19, 2019 which provides clarification regarding the non-allowability of set-off of losses against the deemed income under Section 115BBE of the Income-tax Act, 1961 prior to assessment-year 2017-18. It clarifies that since the term 'or set off of any loss' was specifically inserted only vide the Finance Act 2016, w.e.f. April 01, 2017, an assessee is entitled to claim set-off of loss against income determined under section 115BBE of the Act till the assessment year 2016-17.

8.0 Government to verify exporters' claims before sanctioning

Central Board of Indirect Taxes and Customs (CBIC) has asked customs and GST officers to closely verify the IGST refund claims before sanctioning them.

CBIC has also asked director-general (systems) to identify a list of risky exporters and share it with customs and GST officers, so that an alert can be generated for 100 per cent examination of their export consignments.

9.0 Outcome of 35th GST council meeting

- Single return for all businesses from January 1, 2020.
- Extension of the tenure of the anti-profiteering authority by two years till November 2021.
- Allowing use of Aadhaar as proof for obtaining GST registration.
- The date for barring non-filers of GST returns for two consecutive months from generating e-way bills for transporting goods has been extended by two months till August 21, 2019.
- Mandatory issue of e-tickets for GST-registered multiplexes.

SEBI

1.0 SEBI prescribes norms to improve rating standards

The Securities and Exchange Board of India (SEBI) has vide circular dated June 13, 2019 prescribed guidelines including Computation of Cumulative Default Rates (CDR), probability of default (PD) benchmarks and Rating symbol for Instruments having explicit Credit Enhancement feature in a bid to strengthen the disclosures made by credit rating agencies to enhance the rating standards. Further to

improve transparency, the ratings agency shall have a specific section on Rating Sensitivities in the press release, which shall explain the broad level of operating and/ or financial performance levels that could trigger a rating change, upward and downward.

2.0 Stock Exchanges to Introduce Futures on Commodity Indices

SEBI has permitted stock exchanges with commodity derivative segment to introduce futures on indices. The recognised stock exchanges with commodity derivative segment willing to start trading in futures on commodity indices shall take prior approval of SEBI for launching such contracts.

SEBI has directed the stock exchanges to submit proposal with contract specifications and risk management framework for approval before launching any futures contract on an index and the exchanges shall augment their monitoring and surveillance capacity.

BUDGET 2019 in Shorts

1.0 Limit raised for Corporate Tax

The Threshold on annual revenue/turnover for Domestic Company attracting a corporate tax rate of 25% has been increased to ₹400 crore from ₹250 crore.

2.0 TDS for Cash withdrawal over 1 crore

It is proposed to levy tax deduction at source (TDS) of two per cent on cash withdrawal of

more than Rupees One Crore from a bank account in one financial year.

3.0 Minimum Public Shareholding in Listed Company

The minimum public shareholding for listed entities has been proposed to be raised to 35%. SEBI's guideline currently allows only 25% minimum shareholding by public.

4.0 Buyback Tax for Listed Companies

It has been proposed to levy a tax on buybacks by listed companies on or after July 05, 2019. Listed companies shall also be liable to pay additional tax at twenty percent in case of buyback of share, as is the case currently for unlisted companies.

5.0 TDS on contractual work or professional fees payments

It is proposed to make it mandatory for individuals and HUFs to deduct Tax at Source (TDS) on any payment exceeding Rs 50 lakh per annum to contractors and professionals. As on date there is no liability on an individual or Hindu undivided family (HUF) to deduct tax at source on any payment made to a resident contractor or professional when it is for personal use and thus it is proposed to insert a new section 194M in the Income Tax Act, 1961.

6.0 Amnesty scheme for Pre- GST era Disputes

It is proposed to unveil amnesty scheme to resolve disputes pertaining to the period before the introduction of the goods and services tax to clear the backlog of cases relating excise, service tax and all other taxes subsumed in GST.

7.0 PAN and Aadhaar Interchangeability

The PAN and Aadhaar has been interchangeable and people who don't have PAN can file tax returns using Aadhaar. Further Aadhaar can be used wherever PAN is required.

8.0 FPI Investment in listed companies

Statutory limit for FPI investment in a company is proposed to be increased from 24% to sectoral foreign investment limit. Option to be given to the concerned corporate to limit it to a lower threshold by passing a Special Resolution.

9.0 FPI in listed debt securities

Foreign Portfolio Investors (FPIs) to be permitted to subscribe to listed debt securities issued by real estate investment trusts (REITs) and Infrastructure Investment Trusts (InvITs).

10.0 NRI Investment through FPI route

NRI Portfolio Investment Scheme Route is proposed to be merged with the Foreign Portfolio Investment Route. Currently, NRIs invest in Indian stock markets through

portfolio investment schemes (PIS), which is governed by Reserve Bank of India.

11.0 Investment by AIF Category II

The Benefit from Angel tax provisions has been extended to category II Alternative Investment Funds (AIF). Currently Startups are not required to justify market value of their shares issues to certain investors including category I Alternative Investment Funds (AIF). Therefore, the valuation of shares issued to AIF II will be beyond the scope of IT scrutiny.

12.0 NBFCs Interest taxability

Interest on certain bad or doubtful debts by deposit taking as well as systemically important non-deposit taking NBFCs to be taxed in the year in which interest is actually received.

13.0 Securities Transaction Tax (STT)

Relief in levy of STT by restricting it only to the difference between settlement and strike price in case of exercise of options.

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