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FINANCE

1.0 Guidelines placed for E-Commerce

The Government of India has released draft guidelines on e-Commerce for protection of the interests of the consumers. Ministry of Consumer Affairs has kept the guidelines open for comments, views and suggestion from the stakeholders on various aspects by September 16, 2019.

The key points of the guidelines are:

- E-Commerce entities should be a registered legal entity under Indian laws and should submit a self-declaration to the ministry stating that it is conforming with guidelines
- It provides for 14 days deadline to effect refund request.
- It mandates ecommerce service providers to display details of sellers supplying goods and services on their websites
- It specifies procedure to resolve consumer complaints.
- Promoters or key management personnel should not have been convicted of any criminal offence punishable with imprisonment in last

5 years by any Court of competent jurisdiction.

- Ecommerce Entity should ensure that personally information of customers is protected, and that such data collection, storage and use comply with provisions of the Information Technology (Amendment) Act, 2008.

2.0 Bill to regulate chit funds industry

The Union Cabinet has approved for the introduction of Chit Funds (Amendment) Bill, 2019, in Parliament.

The bill is aimed at fulfilling the objectives of reducing the regulatory and compliance burden of the registered chit funds industry as well as protecting the interest of subscribers.

3.0 Ban on cryptocurrency

The Inter-ministerial committee set up by the government on virtual currencies has proposed banning of private cryptocurrencies in India by enacting a law, besides a fine of up to Rs 25 crore and imprisonment of as much as 10 years for anyone dealing in them.

4.0 Relief for exporters as Centre decides to pay ITC refund for State GST

The Centre will now pay the input tax credit (ITC) refunds of state taxes, thereby reducing transaction time and costs, and manual interface in claim processing.

The central government has been authorised to pay the amount of refund towards state taxes to the taxpayers according to the 2019-20 budget.

5.0 RBI capital transfer

The Bimal Jalan panel may get more time to finalise its report on excess capital transfer from the Reserve Bank of India to the government as the extended deadline of the Bimal Jalan committee ended on July 31, 2019.

6.0 ICSI Launches UDIN

The Institute of Company Secretaries of India (ICSI) has rolled out an initiative in the form of a Unique Document Identification Number (UDIN) in an attempt to pursue heightened sense of self-governance and strengthen the practising side of company secretaries.

Under the UDIN system an alpha numeric number will be generated for every document attested by practising company secretaries, The UDIN will act as a proof that the document is signed or certified by a company secretary in practice.

Corporate Laws

1.0 Nidhi Company Rules tweaked

The Ministry of Corporate Affairs (MCA) has notified Nidhi (Amendment) Rules, 2019

which will come into force with effect from August 15, 2019.

The Rules provides for:

- Definition of Nidhi which was not provided in the Nidhi Rules, 2014.
- Introduction of New E- form NDH-4, which provides for filing application for declaration as Nidhi Company and for updating of status by Nidhi Companies.
- The Form NDH-4 shall be filed within sixty days from the date of expiry of one year from the date of its incorporation or up to the period for which extension is provided by the Regional Director.

2.0 EKYC of Directors new norms

The Ministry of Corporate Affairs (MCA) has notified Companies (Registration Offices and Fees) Fourth Amendment Rules, 2019, which substitutes fees for filing of E-form DIR-3 KYC or DIR-3 KYC-WEB under rule 12A. The Fees notified is Nil if the KYC Forms are filed on or before September 30, 2019 and Rs.5,000/- in case of delayed filing.

3.0 Extension of last date for BEN -2

The Ministry of Corporate Affairs (MCA) has issued Circular and notified that the due date for filing E-form BEN-2 in terms of Companies (Significant Beneficial Owners) Second Amendment Rules, 2019 is extended up to September 30, 2019 without payment of additional fee.

4.0 Nidhi Company provisions substituted

The Ministry of Corporate Affairs (MCA) has notified Section 81 of Companies (Amendment) Act, 2017, This substitutes Section 406 of the Companies Act, 2013 which contains Provisions relating to Nidhi Company and its application, etc.

5.0 NCLT stays its own order to prosecute IL&Fs auditors for 4 weeks

The National Company Law Tribunal Thursday (NCLT), Mumbai Bench has stayed its own order allowing the government to prosecute the three partners of the Chartered Accountant Firms for their alleged culpability in the IL&FS fraud following a plea to allow them to appeal at the appellate tribunal. The Hon'ble NCLT has granted 10 days to the Auditors to file an appeal and said the impugned order would remain inoperative for the Four weeks.

Taxation

1.0 Compliance relief to non-resident investors

The Central Board of Direct Taxation (CBDT) has provided exemption from filing return of income for Non-Residents and Foreign Companies who have income only from investment in any investment fund set up in and International Financial Service Centre (IFSC) Located in India.

The said exemption will be available subject to the conditions that tax deducted at source

(TDS) on income of these class of persons (from funds set up in IFSC) should have been deducted and remitted to the Central Government by the investment fund. Secondly, there should be no other income during the previous year for which these class of persons are otherwise liable to file the income tax returns.

This exemption will apply from AY 2019-20. However, the exemption would not be available where notice has been served under section 142/ 148 /153A/153C of the Income Tax Act 1961.

2.0 Clarification regarding Taxability of Income of Non-Resident Investor

The Central Board of Direct Taxation(CBDT) has vide circular dated July 03, 2019 clarified that due to over-riding effect of provisions of section 115UB of Income Tax Act, 1961 any income earned by Non-resident investor from off shore investments done through Category I and Category II Alternative Investment Funds(AIF) is not taxable in India as the same is deemed as direct investment outside India in this case.

It has further clarified that even Losses arising from the off-shore investment relating to non-resident investor, being an exempt loss shall not be allowed to be set-off or carried-forward and set off against the income of the Category I or Category II AIF.

3.0 Relief granted under Income Declaration Scheme

The Central Board of Direct Taxation (CBDT) has clarified that since the banks were closed from September 30, 2017 to October 2, 2017, all payments made by declarants on October 3, 2017 for 3rd Instalment under the Income Declaration Scheme 2016 (IDS) will be considered to be paid by due date of September 30, 2017.

CBDT has also granted relief in cases where the transactions were initiated by the deemed extended date for 3rd instalment i.e. by October 3, 2017 via cheques/RTGS/other electronic transfer modes but not credited on same day that this shall also be deemed to be paid by the due date of 30th September 2017 subject to the condition that the amount has been credited by October 5, 2017.

4.0 BPO services won't be subject to GST

The Central Board of Indirect taxes and Customs (CBIC) has issued a Circular and clarified that unless there is a clear facilitation of services, BPO services will not be considered intermediary in nature as long as the provision of service is on its own account. An intermediary is an entity that facilitates or arranges the supply of goods and services.

5.0 Clarification regarding Annual Return and GST Reconciliation Statement

The Central Board of Indirect taxes and Customs (CBIC) has issued press release clarifying the following:

- Unpaid Tax: Any tax which has not been paid earlier as the information was not furnished / not furnished correctly in GST Returns, can be paid via FORM GST DRC-03 at any time. The details for the same can be incorporated in Annual return.
- Primary data source: If the information provided in the GST returns is not matching with the books of accounts or within GSTR 3B and GSTR 1 then in case of short payment, details should be given in Annual return and tax should be paid. In case of excess payment, details should be given in the Annual return and eligible refund should be applied via form RFD-01A.
- Input Tax Credit Mismatch: No input tax credit can be availed through the Annual Return. Also, reversal of any ITC can be done via Form DRC-03 separately.
- Inward supplies from Composition Dealers and HSN wise Inward supplies: These details are to be provided to be best of knowledge and no adverse view will be taken on the information given.
- RCM for FY 17-18 paid in FY 18-19: The details of such RCM Liability is to be given in Annual Return for FY 18-19 only.

- Expense wise ITC reconciliation: The expense details are required only in such cases where ITC has been availed.

6.0 Composition Scheme option for Services/Mixed Suppliers

The Central Board of Indirect taxes and Customs (CBIC) has extended the last date for registered persons for filing the intimation in FORM GST CMP-02 for availing the benefit of the alternate composition scheme (Suppliers of services or mixed suppliers, who were not eligible for the primary composition scheme and whose annual turnover in the preceding financial year did not exceed Rs. 50 lakh) from April 30, 2019 to July 31, 2019. In the 36th GST Council meeting, the due date has been further extended to September 30, 2019.

7.0 Extension of due date for filing Quarterly Return by Composition Dealers

The Central Board of Indirect taxes and Customs (CBIC) has further extended the last date for Composition dealers to file CMP-08 for the period April 2019 to June 2019 to August 31, 2019.

8.0 Refund filing in case of errors made in reporting of Export Supplies

- The period for filing refund claims even in case where error was made in reporting of export supplies in form GSTR 3B has been extended and now it is available for the period starting from July 01, 2017 and ending on June 30, 2019.

SEBI

1.0 Report on Corporate Governance

The Securities and Exchange Board of India (SEBI) has vide Circular dated July 16, 2019 replaced the existing formats and specified New Formats for Compliance Report on Corporate Governance. As per Regulation 27(2) of SEBI (LODR) Regulations, 2015 a listed entity shall submit a quarterly compliance report on corporate governance.

Three formats of reports have been notified:

- Annex 1 - Format of Report on Corporate Governance to be submitted by a listed entity on quarterly basis.
- Annex II - Format to be submitted by listed entity at the end of the financial year (for the whole of financial year).
- Annex III - Format to be submitted by listed entity at the end of 6 months after end of financial year along-with the second quarter's report of next financial year.

2.0 Disclosure norms for listed banks tweaked

The Securities and Exchange Board of India (SEBI) has revised the disclosure requirements for listed banks regarding divergence in provisioning of assets which is in line with the revised Reserve Bank of India (RBI) requirements.

Now the Listed Banks will have to disclose to the stock exchanges divergences in the asset

classification and provisioning if either or both of the following conditions are satisfied:

- The additional provisioning for Non-Performing Assets (NPAs) assessed by RBI exceeds 10 % of the reported profit before provisions and contingencies for the reference period and
- The additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

3.0 Formats for limited review and audit reports

The Securities and Exchange Board of India (SEBI) has vide circular dated July 19, 2019 revised the formats for limited review and audit report of listed entities and entities whose accounts are to be consolidated with the listed entity, in order to align them with the revised auditing standard. It has stated that in view of revision in auditing standards (SA 700) by the Institute of Chartered Accountants of India (ICAI), Audit Report formats needed to be aligned with SA 700 (revised).

The New Formats shall be applicable with respect to the financial results for the quarter ending September 30, 2019 and after.

4.0 Standardizing Reporting on violations of code of conduct

The Securities and Exchange Board of India (SEBI) has issued circular dated July 19, 2019 and standardized format for reporting violations of code of conduct, formulated under SEBI (Prohibition of Insider Trading) Regulations, 2015.

All listed companies, intermediaries and fiduciaries shall:

- Report violations by the Designated persons and their immediate relative in standardised format to SEBI.
- Maintain a database of the violation of code of conduct by designated persons and immediate relatives of designated persons that would entail initiation of appropriate action against them.

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