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FINANCE

1.0 The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019

The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019 has been promulgated on December 28, 2019, The Ordinance further amends the Insolvency and Bankruptcy Code, 2016.

Important changes in the Code :

- The Ordinance amends to provide minimum thresholds for certain class of financial creditors to initiate the insolvency resolution process. In case of real estate projects, if an allottee (person to whom a plot, apartment, or building has been allotted or sold) wants to initiate resolution, the application should be filed jointly by at least 100 allottees of the same real estate project, or 10% of the total Allottees under that project, whichever is less.
- For other financial creditors, where the debt owed is either: (i) in the form of securities or deposits, or (ii) to a class of creditors, the application should be filed jointly by at least 100

creditors in the same class, or 10% of the total number of such creditors in the same class, whichever is less.

- It Ensures that the substratum of the business of corporate debtor is not lost, and it can continue as a going concern by clarifying that the licenses, permits, concessions, clearances etc. cannot be terminated or suspended or not renewed during the moratorium period.
- The Ordinance provides that corporate debtors will have immunity against offences committed by them prior to the commencement of the resolution process. In addition, the Ordinance provides immunity from any action against the property (such as attachment, seizure, or confiscation) of the corporate debtor in relation to such offences. Such immunity will be granted if the resolution plan approved by the NCLT results in the change of promoters, or management of the corporate debtor.

2.0 Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2019

The Foreign Exchange Management (Non-debt Instruments) (Amendment) Rules, 2019 has been notified vide Notification dated December 05, 2019, Which provides that:

- E-commerce marketplace entity with FDI shall have to obtain and maintain a report of statutory auditor by 30th of September every year for the preceding financial year confirming compliance of the e-commerce guidelines.
- In the pricing Guidelines which states that the price of equity instruments of an Indian Unlisted Indian company to be issued to a person resident outside India shall not be less than the price of valuation of equity instruments as per any internationally accepted pricing methodology for valuation on an arm's length basis duly certified by a Chartered Accountant or a Merchant Banker registered with the Securities and Exchange Board of India or a practicing Cost Accountant.

A new explanation have been inserted which states that In case of convertible equity instruments, the price or conversion formula of the instrument should be determined upfront at the time of issue of the instrument. The price at the time of conversion should not in any case be lower than the fair value worked out, at the time of issuance of such

instruments, in accordance with these rules.

3.0 The International Financial Services Centres Authority Bill, 2019

The International Financial Services Centres Authority Bill, 2019 have been passed by both the Houses.. Few important aspects of the Bill are:

- The Bill will apply to all International Financial Services Centres (IFSCs) set up under the Special Economic Zones Act, 2005.
- The Bill sets up the International Financial Services Centres Authority. It will consist of nine members, appointed by the central government.
- The Authority will regulate financial products (such as securities, deposits or contracts of insurance), financial services, and financial institutions which have been previously approved by any appropriate regulator (such as RBI or SEBI), in an IFSC.
- Other functions of the Authority includes Regulating any other financial products, financial services, or financial institutions in an IFSC, which may be notified by the central government, and recommending any other financial products, financial services, or financial institutions to the central government, which may be permitted in an IFSC.
- The Bill further provides that all transactions of financial services in

IFSCs will be in such foreign currency as specified by the Authority, in consultation with the central government.

4.0 Extension of relaxation on the guidelines to NBFCs on securitisation transactions

The Reserve Bank of India has vide notification dated December 31, 2019, in pursuance to RBI Circular on “Relaxation on the guidelines to NBFCs on securitization transactions” has extended the relaxation provided therein till June 30, 2020.

Corporate Laws

1.0 Extension for filing CRA 4 (Cost Audit Report)

The Ministry of Corporate Affairs has vide General Circular dated December 30, 2019, extended the last date for filing e-form No. CRA 4 for Financial year 2018-19 up to February 29, 2020 without payment of additional fees.

The said extension is given for the entire process starting from preparation of Annexures to the Cost Audit Report to submission of Cost Audit Report by the Cost Auditor to the Company, and Filing of Cost Audit Report by the Company with the Central Government.

2.0 Extension of last date of Filing of BEN 2 and BEN 1

The Ministry of Corporate Affairs has extended the due date for filing of Form BEN - 2 up to March 30, 2020 without levy of additional fees.

3.0 Databank for Independent Directors

The Ministry of Corporate Affairs have earlier notified Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019, which provided for Creation and Maintenance of databank of Independent Directors. The Registration for Independent Directors' Databank has commenced from December 02, 2019.

4.0 Special Court Notified for J & K

The Ministry of Corporate Affairs have vide Notification dated December 19, 2019, notified the Courts of Additional Sessions Judges Anticorruption, Jammu and Srinagar as Special Court for Union territory of Jammu and Kashmir.

TAXATION

1.0 Due date Notified for payment of tax, surcharge, penalty and interest under Income Declaration Scheme, 2016

The Central Board of Direct Taxes (CBDT) has notified January 31, 2020 as the due date up to which the tax, surcharge and penalty payable under Income Declaration Scheme, 2016 can be paid by the specified declarants. Accordingly, the persons who have made the declaration under section 183(1) of the Finance Act, 2016 but have not paid the tax

and surcharge payable under section 184 and penalty payable under section 185 of the said Act, can pay the same along with interest at the rate of 1% per month or part of the month for the period commencing on the date immediately following the said due date as so notified and ending on the date of such payment.

2.0 Due dates notified for deposit of TDS and issue of TDS Certificate under section 194M

CBDT has extended the due date for furnishing the challan cum statement in form 26QD for TDS deducted during the period September, 2019 and October, 2019 under the section 194M of Income Tax Act 1961, from October 31, 2019 and November 30, 2019 respectively to December 31, 2019. Consequently, the due date of furnishing of the certificate of deduction of tax in Form 16D has also been extended for the tax deducted during the month of September, 2019 and October, 2019 to January 31, 2020.

3.0 Mandatory Modes of payments under section 269SU specified along with the due dates for the provision of facilities

Section 269SU was inserted in the Income-tax Act, 1961, vide the Finance Act, 2019, which provides that every person having a business turnover of more than Rs 50 Crores shall mandatorily provide facilities for accepting payments through prescribed electronic modes. CBDT has specified the above modes of payments as follows:

- Debit Card powered by RuPay;
- Unified Payments Interface (UPI) (BHIM-UPI); and
- Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code)

In case of failure by the specified persons above to provide the facilities for the payments modes specified by January 31, 2020, penalty shall be leviable under section 271DB of the Income Tax Act, on the specified persons. The penalty for non-compliance with the provisions of Section 269SU is Rs. 5,000 per day.

4.0 Recommendations made during the 38th GST Council Meet

- The due date for furnishing GST Annual Return and GST Reconciliation Form for Financial Year 2017-18 to be extended till January 31, 2020.
- Late filing fees to be waived for GSTR 1 for the period July, 2017 to November, 2019, if the same are filed by January 10, 2020.
- E way generation to be blocked for tax payers who have not filed the GSTR 1 for two tax periods (two months or two quarters as the case may be). The same is to be made applicable with effect from January 11, 2020.
- Actions to be taken for blocking of fraudulently availed Input tax credit.
- Input tax restriction of 20% in case of non-reflection of invoices/ debit notes in GSTR 2A, now reduced to 10% of

the eligible credit appearing in GSTR 2A..

5.0 E Invoicing provisions notified along with the class of persons

The CBIC has notified the provisions for E Invoicing under the GST regime. The major provisions are as follows:

- Every registered person, whose aggregate turnover in a Financial year exceeds Rs. 100 Crores shall prepare the invoice under the provision of E Invoicing under GST regime.
- Every Invoice issued by a registered person, whose aggregate turnover in a Financial year exceeds Rs. 500 Crores to an unregistered person (B2C invoice), shall have Quick Response (QR) Code. Also, where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.

6.0 Late filing fees waived for GSTR 1 filed during December 19, 2019 to January 10, 2020

Late fee payable under section 47 of the CGST Act has been waived for the registered persons who failed to furnish the details of

outward supplies in FORM GSTR-1 for the months/quarters from July, 2017 to November, 2019 by the due date but furnishes the same in FORM GSTR-1 between the period from 19th December, 2019 to 10th January, 2020.

As per notification no. 4/2018- Central Tax, Late fees was leviable at the rate of Rs. 25 per day under CGST Act and Rs. 25 per day under SGST Act subject to maximum of Rs. 5000 per day under each Act. Late fees was leviable at the rate of Rs. 10 per day under each Act.

7.0 Extension of DINs to all communications

CBIC has made the generation and quoting of DIN mandatory in all communications (including e mails) with effect from December 24, 2019. Standardised formats of search authorisation, summons, arrest memos, inspection notices etc. have been uploaded on the Directorate of Data Management (DDM) site. These will be available for download w.e.f January 1, 2020.

8.0 Renting of Motor Vehicles covered under RCM mechanism

Any provision of service of Renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient has been provided an option to pay GST either at 5% with limited ITC (of input services in the same line of business) or 12% with full ITC.

1.0 Filing of Offer Documents under SEBI (ICDR) Regulations, 2018

The Securities and Exchange Board of India (SEBI) have issued Circular dated December 11, 2019 with respect to Filing of Offer Documents under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 which provides jurisdiction for filing of Draft Offer Documents in respect of issues. The Circular provides that Draft Offer Documents in respect of issues of:

- Estimated issue size greater than Rs. 750 Crore shall be filed with SEBI head Office, Mumbai.
- For issues of size up to Rs. 750 crores it shall be filed with the concerned regional office of the Board under the jurisdiction of which the registered office of the issuer company falls.

2.0 Management and advisory services by AMCs to Foreign Portfolio Investors

The Securities and Exchange Board of India (SEBI) have issued Circular dated December 16, 2019 which provides for Restrictions on business activities of the asset management company. The Circular provides that AMCs may provide management and advisory services in terms of Regulation 24(b) of MF Regulations to FPIs falling under the following categories of FPIs as specified in FPI Regulations:

- Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies including entities controlled or at least 75% directly or indirectly owned by such Government and Government related investor(s);
- Appropriately regulated entities such as pension funds, insurance or reinsurance entities, banks and mutual funds
- Appropriately regulated FPIs wherein (a) or (b) above hold more than 50% of shares/ units.

It Further provides that for agreements entered into by the AMCs on or before the date of this Circular, to provide management and advisory services to such FPIs which are not falling under the above categories, the AMCs may continue to provide the services, for the period as mentioned in the agreement or one year from the date of this Circular, whichever is earlier.

3.0 Format on Statement of Deviation or Variation for proceeds of public issue, rights issue, preferential issue etc.

The Securities and Exchange Board of India (SEBI) have issued Circular dated December 24, 2019 To Bring Uniformity in disclosures by Listed Companies have specified the Format for Statement of Deviation / Variation in utilisation of funds raised. The Circular provides that:

- The format shall be applicable for funds raised by listed entities through public issue, rights issue, preferential issue, QIPs etc.
- The disclosure to the Stock Exchange(s) shall be made by listed entities on quarterly basis along with the declaration of financial results (within 45 days of end of each quarter / 60 days from the end of the last quarter of the financial year) until such funds are fully utilised or the purpose for which these proceeds were raised has been achieved.
- The statement of deviation report shall be placed before audit committee of the listed entity for review on quarterly basis and after such review, the comments of audit committee along with the report shall be disclosed/submitted to the stock exchange, as part of the format.
- In cases where the listed entity is not required to have an audit committee under the provisions of SEBI LODR Regulations or Companies Act, 2013, The same shall be placed before the

Board of Directors.

- The first such submission shall be made by the listed entities for the quarter ending December 31, 2019; subsequent submissions shall be quarterly.

4.0 Measures to strengthen the conduct of Investment Advisers (IA)

The Securities and Exchange Board of India (SEBI) have issued Circular dated December 27, 2019 to further strengthen the conduct of IAs, while providing investment advice and to protect the interest of investors seeking their advice, the IAs shall comply with the following:

- IAs shall not provide free trial for any products/services to prospective clients. Further, IAs shall not accept part payments (where some part of the fee is paid in advance) for any product/service.
- RIAs shall provide investment advice only after completing the following steps etc.
- The Circular shall come into effect from January 01, 2020.

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