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FINANCE

1.0 New Reporting System for Cooperative Banks

The Reserve Bank of India has introduced a New Reporting System, Central Information System for Banking Infrastructure (CISBI) for all Co-Operative Banks, replacing the erstwhile “Master Office File” (MOF) system, vide Circular dated October 11, 2019.

Under the New System:

- All co-operative banks are required to submit their information in a single Proforma (Annex-I) online on CISBI portal. Earlier the co-operative banks had to submit Proforma-I & Proforma-II separately through e-mail
- The instructions for submission of new Proforma online are given in Annex-II.
- Further Guidelines are provided in Annex-III.
- All co-operative banks should submit immediately and in any case not later than one week the information relating to opening, closure, merger, shifting and conversion of bank

branches /offices / NAIOs / CSPs online through CISBI portal.

All the past information reported by banks has been migrated to CISBI and additional information should be reported in CISBI henceforth. The Reserve Bank has provided login credentials to Nodal Officers of banks for submitting their information in CISBI.

After initial submission of information on CISBI portal, a one-time confirmation stating that “Correct and updated Bank level information has been submitted on CISBI” shall be sent by banks to the concerned Regional Office of Department of Co-operative Bank Supervision within one month of issuance of this circular.

2.0 Expanding Digital Payments Ecosystem

The Reserve Bank of India has asked all State/ UT Level Bankers Committees (SLBCs/ UTLBCs) to identify one district in their respective States/ UTs on a pilot basis in consultation with banks and stakeholders to expand and deepen the digital payments ecosystem.

The identified district shall be allotted to a bank having significant footprint which will endeavour to make the district 100% digitally

enabled within one year, in order to enable every individual in the district to make/receive payments digitally in a safe, secure, quick, affordable and convenient manner.

3.0 Nodal officers exclusively to handle GST complaints

The Central Board of Indirect Taxes and Customs (CBIC) have directed to appoint a nodal officer in each CGST and Customs Commissionerate to sort out taxpayer grievances. Accordingly, each CGST and Customs Commissionerate would have a nodal officer in the rank of Joint/Additional Commissioner. These officers would draw up plans for reaching out to the stakeholders in their jurisdictions.

4.0 FASTag to integrate with GST E-Way System

The GST Council has accorded 'in-principle' approval for the integration of FASTag with GST E-Way System. This integration will help revenue authorities track the movement of vehicles and ensure that they are travelling to the same destination that the transporter or the trader had specified while generating the e-way bill.

5.0 GST on Brand and Logos

Under the GST regime a transaction between related parties a company and its subsidiary or an Indian Entity and its parent entity is liable to pay GST even if there is no consideration. The Central Board of Indirect

Taxes and Customs (CBIC) wants these entities to put a valuation on the brand names and logos, charge fees from the subsidiary or group company and pay 18% goods and services tax (GST).

This has resulted in GST department raising demands on the brands and logos that are owned by a holding company or conglomerate but used by subsidiaries and group companies without any payment.

Corporate Laws

1.0 Amendment in Companies (Accounts) Rules 2014

The Ministry of Corporate Affairs have made amendment in the Companies (Accounts) Rules 2014 and provided for additional disclosure in the Directors Report which provides for a statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year.

It further provides explanation highlighting the meaning of word "proficiency", which means the proficiency of the independent director as ascertained from the online proficiency self-assessment test conducted by the institute notified under sub-section (1) of section 150.

2.0 Qualification for Independent Directors

The Ministry of Corporate Affairs have notified Companies (Appointment and

Qualification of Directors) Fifth Amendment Rules, 2019 vide Notification dated October 22, 2019, which provides for Compliances required by a person eligible and willing to be appointed as an Independent Director (ID).

It provides that Every existing independent director shall within a period of three months of the commencement of this rules and every new Person who intends to get appointed as an ID in a company after commencement of the rules i.e December 01, 2019, shall before such appointment as ID first apply online to the Indian Institute of Corporate Affairs at Manesar for inclusion of his name in the data bank for a period of one year or five years or for his life-time, and from time to time take steps as specified in sub-rule (2), till he continues to hold the office of an independent director in any company.

It further provides that Every ID shall submit a declaration of compliance of sub-rule (1) and sub-rule (2) to the Board, each time he submits the declaration required under sub-section (7) of section 149 of the Act. It further provides for a score of not less than sixty percent in aggregate in the online proficiency self-assessment test as passing score for the test.

3.0 Relaxation to ACTIVE-non-compliant Companies

The Ministry of Corporate Affairs have notified Companies (Incorporation) Eighth Amendment Rules, 2019. vide Notification dated October 16, 2019, relaxed the

restriction for filing DIR-12 by ACTIVE-non-compliant Companies. Now DIR 12 can be filed by ACTIVE-non-compliant Companies in the following cases:

- Cessation of any director or
- Appointment of directors in such company where the total number of directors are less than the minimum number provided in clause (a) of sub-section (1) of section 149 on account of disqualification of all or any of the director under section 164.
- Appointment of any director in such company where DINs of all or any its director(s) have been deactivated.
- Appointment of director(s) for implementation of the order passed by the Court or Tribunal or Appellate Tribunal under the provisions of this Act or under the Insolvency and Bankruptcy Code, 2016).

4.0 Relaxing of Additional Fees for AOC 4 and MGT 7

The Ministry of Corporate Affairs has vide General Circular dated October 29, 2019, extended the due date for filing e-form AOC 4, AOC 4 (CFS), AOC 4 (XBRL) up to November 30, 2019 and E-form MGT 7 upto December 31, 2019 without levy of additional fees.

5.0 Extension for filing CRA 4 (Cost Audit Report)

The Ministry of Corporate Affairs has vide General Circular dated October 24, 2019,

extended the last date for filing e-form No. CRA 4 up to December 31, 2019 without payment of additional fees keeping in view of the fact that the Costing Taxonomy 2019 and Companies (filing of forms in extensible business reporting language) Amendment Rules were notified only on October 15, 2019.

6.0 Databank for Independent Directors

The Ministry of Corporate Affairs have notified Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 vide Notification dated October 22, 2019, which provides for Creation and Maintenance of databank of Independent Directors, designates Indian Institute of Corporate Affairs for Creating the Database, Duties of the institute, Panel etc for maintenance of the Databank.

7.0 Extension of last date of Filing of IEPFA-1A and Form IEPF-2

The Ministry of Corporate Affairs has vide General Circular dated October 25, 2019, extended the due date for filing Form IEPF -2 up to November 30, 2019 and Form IEPFA-1A upto December 31, 2019 without levy of additional fees.

TAXATION

1.0 Clarifications issued for brought forward depreciation loss and MAT Credit

The Central Board of Direct Taxes (CBDT) has clarified that since section 115BAA (2) (i) stipulates that the total income shall be

computed without claiming additional depreciation under section 32(1) (iia) and section 115BAA (2) (ii) stipulates that total income shall be computed without claiming set off of losses attributable to additional depreciation, no set off can be claimed of the additional depreciation brought forward while exercising the option to pay tax at lower rate under section 115BAA.

However, since there is no time limit to exercise the option to pay lower tax under section, a domestic company can first adjust above mentioned additional depreciation losses while paying the tax at current applicable rate and then exercise the option from next year.

Also it has been clarified that the MAT credit shall not be allowed while exercising the option to pay tax at lower rate. Similarly, the company can first claim the MAT credit while paying the tax at current applicable rate and avail the option of paying tax at lower rate from next year.

2.0 Exemption provided for TDS Deduction in case of cash withdrawal more than 1 Crores

Section 194N requires banking companies, co-operative societies doing banking business, post office etc. to deduct TDS @ 2% in case of cash withdrawal more than 1 Crores from the accounts during the previous year.

New Exemption has been provided in case of cash withdrawals made by Authorised

dealers (as defined in the FEMA Act 1999) and Full Fledged Money changers along with their Agents and Sub Agents. Certain conditions related to End use of the cash withdrawn and furnishing of certificate to that effect have been imposed.

3.0 Due Dates notified for GSTR 1 and GSTR 3B

CBDT has notified the due dates of GSTR and GSTR 3B. The new due dates are as follows:

- GSTR 3B (October 2019 to March 2020) - 20th day of month next to the relevant month
- GSTR 1 (Turnover up to Rs. 1.5 Crores)
 - Period October 2019 to December 2019 - January 31, 2020.
 - January 2020 to March 2020 - April 30, 2020
- GSTR 1 (Turnover more than Rs. 1.5 Crores) October 2019 to March 2020 - 11th day of month next to the relevant month

4.0 Annual Return Filing made optional for MSME

CBIC has issued notification to make the Filing of Annual Return optional for Financial Year 2017-18 and Financial Year 2018-19 for tax payers having turnover up to Rs. 2 Crores.

5.0 Due date of CMP-08 extended

CBIC has extended the due date to file form CMP-08(Form for filing details of self assessment tax paid by composition dealers) for the period July 2019 to September 2019 from October 18, 2019 to October 22, 2019.

6.0 Withdrawal of circular for Post Sales Discounts

After the issuance of Circular specifying the treatment of post sales discount given by the suppliers, CBIC received numerous representations expressing apprehensions on the implications of the circular. Keeping in mind these representations, CBIC has withdrawn the Circular No. 105/24/2019 dated June 18, 2019 issued for treatment of post discount sales under GST Law.

7.0 Clarification for GST Exemption on license fee charged by the States for grant of Liquor licences to vendors

CBIC has clarified the GST exemption applicable on the license fees charged by the States for grant of Liquor license to Vendors. It has been clarified that this special dispensation applies only to supply of service by way of grant of liquor licenses by the State Governments as an agreement between the Centre and States and has no applicability or precedence value in relation to grant of other licenses and privileges for a fee in other situations, where GST is payable.

8.0 Clarification regarding procedure to claim refund in case of favourable order in appeal

In response to doubts raised by the various tax payers for procedure to be followed by a registered person to claim refund subsequent to a favourable order in appeal or any other forum against rejection of a refund claim in FORM GST RFD-06, CBIC has clarified various aspects which are as follows:

- Even after the rejection refund claim, the amount debited will still remain debited till the time appeal is finally rejected.
- In case of favourable order, a fresh refund claim needs to be submitted under the category “Refund on account of assessment/provisional assessment/appeal/any other order”. Order Copy of appellate authority / other authority is also to be uploaded along with the order details.
- After that the proper officer would sanction the refund and issue payment order.
- Also any amount rejected in the order of appellate authority will also be re-credited thereafter by the proper officer.

9.0 Filing a refund claim application where Nil Refund Application has already been filed

CBIC has clarified that a registered person who has filed a NIL refund claim in FORM GST

RFD-01A/RFD-01 for a given period under a particular category, may again apply for refund for the said period under the same category only if he satisfies the following two conditions:

- The registered person must have filed a NIL refund claim in FORM GST RFD-01A/RFD-01 for a certain period under a particular category; and
- No refund claims in FORM GST RFD-01A/RFD-01 must have been filed by the registered person under the same category for any subsequent period.

Registered persons satisfying the above conditions may file the refund claim under “Any Other” category instead of the category under which the NIL refund claim has already been filed.

SEBI

1.0 SEBI amends Master Circular for AML and CFT

The Securities and Exchange Board of India have issued Master Circular on Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) dated October 15, 2019, which will supersede the earlier Master Circular on AML/ CFT dated July 04, 2018.

Pursuant to amendments made to the Prevention of Money Laundering Act, 2002 (PMLA) and PMLA Rules, updated guidelines in the context of recommendations made by

Financial Action Task force (FATF) on anti-money laundering standards is provided in the Master Circular.

These guidelines have been divided into two parts; the first part is an overview on the background and essential principles that concern combating Money Laundering (ML) and Terrorist Financing (TF). The second part provides a detailed account of the procedures and obligations to be followed by all registered intermediaries to ensure compliance with AML/ CFT directives.

These guidelines shall also apply to registered intermediaries' branches and subsidiaries located abroad, especially, in countries which do not or insufficiently apply the FATF Recommendations, to the extent local laws and regulations permit.

2.0 Master Circular for Depositories

The Securities and Exchange Board of India

have issued Master Circular for Depositories dated October 25, 2019. The Master Circular for Depositories is a compilation of the relevant circulars/communications issued by SEBI up to March 31, 2019 and shall come into force from the date of its issue.

3.0 Master Circular for Stock Exchange and Clearing Corporation

The Securities and Exchange Board of India have issued Master Circular for Stock Exchange and Clearing Corporation dated October 25, 2019. The Master Circular for Stock Exchange and Clearing Corporation is a compilation of the relevant circulars/communications issued by SEBI up to March 31, 2019 and shall come into force from the date of its issue and will supersede the previous Master Circular dated December 16, 2016.

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