

NEWSLETTER

News Letter for May'21

Volume 11, Issue 5

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Advisory Board



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COMPLIANCE | MAY 2021

Compliance Due Date	Compliance Detail	Applicable To
7 th May	Equalization Levy Deposit	All Deductors
	TCS/TDS Deposit	Non- Government deductors.
10 th May	a) GSTR – 7 (TDS return under GST)	a) Person required to deduct TDS under GST
	b) GSTR – 8 (TCS return under GST)	b) Person required to collect TCS under GST
11 th May	a) GSTR – 1 (Outward supply return)	a) All taxable persons having Turnover > Rs 5 crore.
13 th May	a) GSTR – 6 [Return by input service distributor (ISD)]	a) Input Service Distributor
	b) GSTR-1 IFF (QRMP)	b) GST return for the taxpayer who opted for QRMP Scheme.
15 th May	a) Deposit of PF & ESI contribution	a) All Deductors
	b) Quarterly Statement of TCS Deposited	b) All Collectors
20 th May	a) GSTR – 5 (Return by Non-residents)	a) Non-resident taxable person
	b) GSTR – 5A (online information database access and retrieval services return)	b) OIDAR service provider
	c) GSTR 3B (Summary return)	c) All taxable persons (except composition dealer) having annual turnover > Rs. 5crore in FY 2020-21.
25 th May	a) GST Challan for all Quarterly filers(PMT-06)	a) GST Challan Payment if no sufficient ITC for April.
30 th May	a) Form 11 (Annual Return) with Ministry of Corporate Affairs (MCA)	a) Limited- Liability Partnership Firm(LLPs)
	b) Submission of Form 49C	b) Non- Resident having Liason Office in India
31 st May	a) Quarterly Statement of TDS deposited (January- March 2021)	a) All Deductors
	b) Statement of financial transaction (Form No. 61A)	b) Specified reporting persons as per section 285BA of the Income-tax Act, 1961
	c) Annual statement of reportable accounts (Form No. 61B) Calender Year 2020	c) Financial Institution



paid or paid in excess by debiting the credit ledger, a new enhanced PMT-03 functionality has been developed and deployed in the system. This new functionality is applicable only to the following 4 types of refund as provided in the referred circular.

- i. Refund of excess payment of tax;
- ii. Refund of tax paid on intra-State supply which is subsequently held to be interState supply and vice versa;
- iii. Refund on account of assessment/provisional assessment/appeal/any other order; and
- iv. Refund on account of "any other" ground or reason.

4. The procedure to use this functionality is explained in detail in the User Manual that is attached herewith. It is requested to share this advisory and user manual with all the officers processing refunds in your jurisdiction for necessary action. Any difficulty in using the functionality and processing the applications may please be reported to helpdesk by raising tickets with cbicmitra.helpdesk@icegate.gov.in.

MINISTRY OF FINANCE

(Department of Revenue)

**(CENTRAL BOARD OF INDIRECT TAXES AND
CUSTOMS)**

NOTIFICATION

New Delhi, the 27th April, 2021

No. 07/2021–Central Tax

G.S.R. 292(E).—In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017, namely: -

1. (1) These rules may be called the Central Goods and Services Tax (Second Amendment) Rules, 2021.
(2) These rules shall come into force on the date of their publication in the Official Gazette.
2. In the Central Goods and Services Tax Rules, 2017, in rule 26 in sub-rule (1), after the third proviso, the following proviso shall be inserted, namely:-

“Provided also that a registered person registered under the provisions of the Companies Act, 2013 (18 of 2013) shall, during the period from the 27th day of April, 2021 to the 31st day of May,

2021, also be allowed to furnish the return under section 39 in **FORM GSTR-3B** and the details of outward supplies under section 37 in **FORM GSTR-1** or using invoice furnishing facility, verified through electronic verification code (EVC).”

MINISTRY OF FINANCE

(Department of Revenue)

**(CENTRAL BOARD OF INDIRECT TAXES AND
CUSTOMS)**

NOTIFICATION

New Delhi, the 1st May, 2021

No. 08/2021- Central Tax

Relaxation in Interest Rate

1.	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	9 per cent for the first 15 days from the due date and 18 per cent thereafter	March, 2021, April, 2021
2.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under sub-section (1) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	March, 2021, April, 2021
3.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under proviso to sub-section (1) of section 39	Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	March, 2021, April, 2021
4.	Taxpayers who are liable to furnish the return as specified under sub-section (2) of section 39 i.e Composition Levy	Nil for the first 15 days from the due date, 9 per cent for the next 15 days, and 18 per cent thereafter	Quarter ending March, 2021.”.

This notification shall be deemed to have come into force with effect from the 18th day of April, 2021.

NOTIFICATION

New Delhi, the 1st May, 2021

No. 09/2021- Central Tax

Provided that the amount of late fee payable under section 47 shall stand waived for the period as specified in column (4) of the Table given below, for the tax period as specified in the corresponding entry in column (3) of the said Table, for the class of registered persons mentioned in the corresponding entry in column (2) of the said Table, who fail to furnish the returns in **FORM GSTR-3B** by the due date, namely:-

S. No.	Class of registered persons	Tax period	Period for which late fee waived
(1)	(2)	(3)	(4)
1.	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	March, 2021 and April, 2021	Fifteen days from the due date of furnishing return
2.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under sub-section (1) of section 39	March, 2021 and April, 2021	Thirty days from the due date of furnishing return
3.	Taxpayers having an aggregate turnover of up to rupees 5 crores in the preceding financial year who are liable to furnish the return as specified under proviso to sub-section (1) of section 39	January-March, 2021	Thirty days from the due date of furnishing return.”.

This notification shall be deemed to have come into force with effect from 20th day of April, 2021.

NOTIFICATION

New Delhi, the 1st May, 2021

No. 10/2021- Central Tax

G.S.R. 306(E).—In exercise of the powers conferred by section 148 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Government, on the recommendations of the Council, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 21/2019- Central Tax, dated the 23rd April, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 322(E), dated the 23rd April, 2019, namely:—

In the said notification, in the third paragraph, after the first proviso, the following proviso shall be inserted, namely:

“Provided further that the said persons shall furnish the return in **FORM GSTR-4** of the Central Goods and Services Tax Rules, 2017, for the financial year ending 31st March, 2021, up to the 31st day of May, 2021.”.

2.This notification shall be deemed to have come into force with effect from the 30th day of April, 2021.

NOTIFICATION

New Delhi, the 1st May, 2021

No. 12/2021- Central Tax

G.S.R. 308(E).—In exercise of the powers conferred by the second proviso to sub-section (1) of section 37 read with section 168 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Commissioner, on the recommendations of the Council, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 83/2020 – Central Tax, dated the 10th November, 2020, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 699(E), dated the 10th November, 2020, namely:—

In the said notification, after the proviso, the following proviso shall be inserted, namely:-

“Provided further that the time limit for furnishing the details of outward supplies in **FORM GSTR-1** of the said rules for the registered persons required to furnish return under sub-section (1) of section 39 of the said Act, for the tax period April, 2021, shall be extended till the **twenty-sixth day of the month succeeding the said tax period.**”.

NOTIFICATION

New Delhi, the 1st May, 2021

No. 10/2021- Central Tax

G.S.R. 309(E).—In exercise of the powers conferred by section 164 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Government, on the recommendations of the Council, hereby makes the following rules further to amend the Central Goods and Services Tax Rules, 2017, namely:-

1. Short title and commencement. -(1) These rules may be called the Central Goods and Services Tax (Third Amendment) Rules, 2021.

(2) These rules shall come into force on the date of their publication in the Official Gazette.

2. In the Central Goods and Services Tax Rules, 2017,----

(i) in sub-rule (4) of rule 36, after the first proviso, the following proviso shall be inserted, namely:-

“Provided further that such condition shall apply cumulatively for the period April and May, 2021 and the return in FORM GSTR-3B for the tax period May, 2021 shall be furnished with the cumulative adjustment of input tax credit for the said months in accordance with the condition above.”;

(ii) in sub-rule (2) of rule 59, the following proviso shall be inserted, namely:-

“Provided that a registered person may furnish such details, for the month of April, 2021, using **IFF from** the 1st day of May, 2021 till the 28th day of May, 2021.”.



INCOME-TAX (EIGHTH AMENDMENT) RULES, 2021 - AMENDMENT IN RULE 6G AND FORM 3CD

NOTIFICATION NO. G.S.R. 246(E) [NO. 28/2021/F. NO 370142/9/2018-TPL], DATED 1-4-2021

In exercise of the powers conferred by section 44AB read with section 295 of the Income-Tax Act (43 of 1961), the Central Board of Direct Taxes, hereby, makes the following rules further to amend the Income-tax Rules, 1962, namely:—

Short title and commencement

1. (1) These rules may be called the Income-tax (eighth Amendment) Rules, 2021.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. In the Income-tax Rules, 1962,—
 - (a) in rule 6G, after sub-rule (2), the following sub-rule shall be inserted, namely:—
 - (3) The report of audit furnished under this rule may be revised by the person by getting revised report of audit from an accountant, duly signed and verified by such accountant, and furnish it before the end of the relevant assessment year for which the report pertains, if there is payment by such person after furnishing of report under sub-rules (1) and (2) which necessitates recalculation of disallowance under section 40 or section 43B." ;
 - (b) in Appendix II, in Form 3CD,—
 - (i) in PART -A for clause 8A, the following clause shall be substituted, namely:—

"8A Whether the assessee has opted for taxation under section 115BA/115BAA/115BAB/115BAC/115BAD?.";
 - (ii) in PART-B, for clause 17, the following clause shall be substituted, namely:—

"17. Where any land or building or both is transferred during the previous year for a consideration less than value adopted or assessed or assessable by any authority of a State Government referred to in section 43CA or 50C, please

<i>Details of property</i>	<i>Consideration received or accrued</i>	<i>Value adopted or assessed or assessable</i>	<i>Whether provisions of second proviso to sub-section (1) of section 43CA or fourth proviso to clause (x) of sub-section (2) of section 56 applicable?[Yes/No]</i>
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(iii) in clause 18, for sub-clauses (ca) and (cb), the following sub-clauses, shall be substituted namely:—

"(ca) Adjustment made to the written down value under section 115BAC/115BAD (for assessment year 2021-22 only).....

(cb) Adjustment made to written down value of Intangible asset due to excluding value of goodwill of a business or profession.....

(cc) Adjusted written down value.....";

(iv) in clause 32, for sub-clause (a), the following sub-clause shall be substituted, namely:—

(a) Details of brought forward loss or depreciation allowance, in the following manner, to the extent available:

<i>Serial Number</i>	<i>Assessment Year</i>	<i>Nature of loss/ allowance (in rupees)</i>	<i>Amount as returned* (in rupees)</i>	<i>All losses/allowances not allowed under section 115BAA/115BAC/115BAD</i>	<i>Amount as adjusted by withdrawal of additional depreciation on account of opting for taxation under section 115BAC/115BAD</i>	<i>Amounts as assessed (give reference to relevant order)</i>	<i>Remarks</i>
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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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*If the assessed depreciation is less and no appeal pending then take assessed.

To be filled in for assessment year 2021-22 only.":

(v) clause 36 shall be omitted.

SECTION 119 OF THE INCOME-TAX ACT, 1961 - CENTRAL BOARD OF DIRECT TAXES - INSTRUCTIONS TO SUBORDINATE AUTHORITIES - NOTIFIED AUTHORITIES TO PASS REGISTRATION ORDER FOR TRUSTS, INSTITUTIONS AND FUNDS

NOTIFICATION S.O. 1443(E) [NO. 30 /2021/F. NO. 370142/4/2021-TPL], DATED 1-4-2021

In exercise of the powers conferred by clause (i) of sub-rule (1), sub-rule (5) and sub-rule (6) of rule 2C of the Income tax Rules, 1962 ("the Rules"), sub-rule (1), sub-rule (5) and sub-rule (6) of rule 5CA of the Rules, clause (a) of sub-rule (1), sub-rule (5) and sub-rule (6) of rule 11AA of the Rules and clause (i) of sub-rule (1), sub-rule (5) and sub-rule (6) of rule 17A of the Rules, the Central Board of Direct Taxes hereby authorizes the Director of Income Tax (Centralized Processing Centre), Bengaluru and Commissioner of Income Tax (Exemption), Bengaluru, for the following purposes, namely,—

- (i) for receiving applications for provisional registration or registration or provisional approval or approval or intimation in Form 10A under clause (i) of sub-rule (1) of rule 2C of the Rules, sub-rule (1) of rule 5CA of the Rules, clause (a) of sub-rule (1) of rule 11AA of the Rules or clause (i) of sub-rule (1) of rule 17A of the Rules;
- (ii) for passing order granting provisional registration or registration or provisional approval or approval in Form 10AC under sub-rule (5) of rule 2C of the Rules, sub-rule (5) of rule 11AA of the Rules or sub-rule (5) of rule 17A of the Rules.
- (iii) for issuing Unique Registration Number (URN) to the applicants under sub-rule (5) of rule 2C of the Rules, sub-rule (5) of rule 5CA of the Rules, sub-rule (5) of rule 11AA of the Rules or sub-rule (5) of rule 17A of the Rules.
- (iv) for cancelling the approval granted in Form 10AC and Unique Registration Number (URN) under sub-rule (6) of rule 2C of the Rules, sub-rule (6) of rule 5CA of the Rules, sub-rule (6) of rule 11AA of the Rules or sub-rule (6) of rule 17A of the Rules.

2. This amendment will come into effect from the date of Notification in the Official Gazette.

SECTION 144B OF THE INCOME-TAX ACT, 1961 - FACELESS ASSESSMENT - AMENDMENT TO ORDERS UNDER PARA 3 AND PARA 4 OF THE FACELESS PENALTY SCHEME, 2021

ORDER F. NO. 187/4/2021-ITA-I, DATED 1-4-2021

The Central Board of Direct Taxes in exercise of powers conferred under section 119 of the Act, hereby directs that in the orders issued under Para-3 of the Scheme *vide* F.No. 187/4/2021-ITA-I, dated 20th January 2021 and dated 26th February 2021, and under Para 4 of the Scheme *vide* [F.No. 187/4/2021-ITA-I, dated 20th January 2021](#), the words National Faceless Assessment Centre (NeAC) and Regional Faceless Assessment Centre (ReAC) shall henceforth be read as National Faceless Assessment Centre (NaFAC) and Regional Faceless Assessment Centre (ReFAC) respectively.

CBDT NOTIFIES NEW INCOME TAX RETURN FORMS FOR AY 2021-22

CBDT notifies New Income Tax Return Forms for AY 2021-22

The Central Board of Direct Taxes has notified Income Tax Return Forms (ITR Forms) for the Assessment Year 2021-22 vide Notification no.21/2021 in G.S.R. 242(E) dated 31.03.2021. Keeping in view the ongoing crisis due to COVID pandemic and to facilitate the taxpayers, no significant change have been made to the ITR Forms in comparison to the last year's ITR Forms. Only the bare minimum changes necessitated due to amendments in the Income-tax Act, 1961 have been made.

ITR Form 1 (Sahaj) and ITR Form 4 (Sugam) are simpler Forms that cater to a large number of small and medium taxpayers. Sahaj can be filed by an individual having income upto Rs. 50 lakh and who receives income from salary, one house property/other sources (interest etc.). Similarly, Sugam can be filed by individuals, Hindu Undivided Families (HUFs) and firms (other than Limited Liability Partnerships (LLPs)) having total income upto Rs. 50 lakh and income from business and profession computed under the presumptive taxation provisions.

Individuals and HUFs not having income from business or profession (and not eligible for filing Sahaj) can file ITR-2 while those having income from business or profession can file ITR Form 3. Persons other than individual, HUF and companies i.e. partnership firm, LLP etc. can file ITR Form 5. Companies can file ITR Form 6. Trusts, political parties, charitable institutions etc. claiming exempt income under the Act can file ITR-7.

There is no change in the manner of filing of ITR Forms as compared to last year.

APPROVAL FOR NOTIFYING COMMISSIONERS OF INCOME-TAX (APPEALS) TO EXERCISE JURISDICTION OVER APPEALS IN CASES PERTAINING TO DIRECT TAXES/DIRECT TAX ACTS OTHER THAN INCOME-TAX ACT, 1961 POST FACELESS APPEAL SCHEME, 2020

CIRCULAR F. NO. 279/MISC./M-44/2018-ITJ, DATED 7-4-2021

Communications have been received in Board from field formations seeking jurisdiction over appeals under various other Direct Tax Laws, including erstwhile Direct Tax Laws after implementation of Faceless Appeal Scheme, 2020.

2. In this regard, I am directed to state that the provisions of the [Notification Nos. 76 & 77 of 2020](#) of Government of India in the Ministry of Finance, Department of Revenue, [number S.O. 3296\(E\)](#) & [3297\(E\)](#) respectively, both dated the 25th September, 2020 apply only to the income-tax Act, 1961 and not to any other Direct Tax/Direct Tax Act including the following:

- (a) Wealth-tax Act, 1957;
- (b) Interest-tax Act, 1974;
- (c) Gift Tax Act, 1958;
- (d) Expenditure-tax Act, 1987;

- (e) Securities Transaction Tax in Chapter VII of Finance (No. 2) Act, 2004;
- (f) Commodities Transaction Tax in Chapter VII of Finance Act, 2013 and
- (g) Equalization Levy in Chapter VIII of Finance Act, 2016.

3. It is clarified that the Board has not issued any direction for finalization of appeals under any Direct Tax/Direct Tax Acts (Para 2 supra) other than Income-tax Act, 1961, in a faceless manner under the Faceless Appeal Scheme, 2020.

SECTION 144B, READ WITH SECTION 119 OF THE INCOME-TAX ACT, 1961 - FACELESS ASSESSMENT- NOTICES/ORDERS/LETTERS/INSTRUCTIONS/ANY COMMUNICATIONS ISSUED BEARING LOGO OF NATIONAL E-ASSESSMENT CENTRE (NeAC) SHALL BE DEEMED TO BE ISSUED BY NATIONAL FACELESS ASSESSMENT CENTRE (NaFAC)

CIRCULAR F. NO. 187/3/2020-ITA-I, DATED 8-4-2021

The Faceless Assessment Scheme, 2019 (the Scheme) has been incorporated in the Income-tax Act, 1961 (the Act) vide the Taxation and other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020. Section 144B of the Act pertaining to Faceless Assessment has been inserted by the said amendment w.e.f. 1-4-2021.

2. In pursuance of the said amendment, the Central Board of Direct Taxes in exercise of powers under section 119 of the Act, hereby directs that all orders/notices/letters/instructions/any other communications issued by the 'National Faceless Assessment Centre' (NaFAC) on or after 1-4-2021 bearing the logo and name 'National e-Assessment Centre' (NeAC) shall be deemed to have been issued by 'National Faceless Assessment Centre' (NaFAC).

3. In addition to above, it is also directed that in the notices, communications and orders etc. issued by the NaFAC, wherever the sections 143(3A) and/or 143(3B) are mentioned, the same shall be read as Section 144B of the Act.

4. This order comes into effect from the 1st day of April, 2021.

5. This is issued with the approval of Chairman (CBDT).

INCOME-TAX (NINTH AMENDMENT) RULES, 2021 - AMENDMENT IN RULES 10DA AND 10DB, AND FORM NO. 3CEAB

NOTIFICATION G.S.R 250(E) [NO. 31/2021/F.NO.370142/19/2019-TPL], DATED 5-4-2021

In exercise of the powers conferred by sub-section (1) and sub-section (4) of section 92D and sub-section (8) of section 286, read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

Short title and commencement

1.(1) These rules may be called the Income-tax (9th Amendment) Rules, 2021.

(2) They shall come into force on the 1st day of April, 2021.

2. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 10DA,—

(a) in sub-rule (2), for the word "Commissioner", the word "Director" shall be substituted

(b) in sub-rule (4), —

(i) for the words "constituent entities resident in India of an international group" and words, brackets and figure "constituent entities of an international group required file the information and document under sub-rule (2)," shall be substituted;

(ii) in clause (b), for the word "Commissioner", the word "Director" shall be substituted

3. In the principal rules, in rule 10DB,—

(a) for sub-rule (1) the following sub-rule shall be substituted, namely:—

"(1) The income-tax authority for the purposes of section 286 shall be the Joint Director as may be designated by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be.";

(b) in sub-rule (6), for the words "five thousand five hundred" the words "six thousand four hundred" shall be substituted.

4. In the principal rules, in the Appendix II, in Form No. 3CEAB, in the heading, the words", resident in India," shall be omitted.

INCOME-TAX (TENTH AMENDMENT) RULES, 2021 - AMENDMENT IN RULES 2DB AND 2DC AND SUBSTITUTION OF FORM NO. 10BBA

NOTIFICATION G.S. R. 274 (E) [NO. 32/2021/F. NO.370142/28/2020-TPL], DATED 15-4-2021

In exercise of the powers conferred by sub-clause (iii) of clause (c) of Explanation 1 to the clause (23FE) of section 10 read with section 295 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes hereby makes the following rules further to amend the Income-tax Rules, 1962, namely:—

Short title and commencement

1.(1) These rules may be called the Income-tax (10th Amendment) Rules, 2021.

(2) They shall come into force from the date of their publication in the Official Gazette.

2. In the Income-tax Rules, 1962 (hereinafter referred to as the principal rules), in rule 2DB,—

(i) after clause (iii), the following proviso shall be inserted, namely:—

"Provided that the provisions of clause (iii) shall not apply to any payment made to creditors or depositors for loan taken or borrowing for the purposes other than for making investment in India;"

- (ii) clause (iv) shall be omitted;
- (iii) after clause (vi), the following Explanation shall be inserted, namely:—

'Explanation: For the purposes of this rule, "loan and borrowing" shall have the same meaning as assigned to it in sub-clause (b) of clause (ii) of Explanation 2 to clause (23FE) of section 10.'

3. In the principal rules, in rule 2DC, in sub-rule (1), for the word "Explanation", the word and figure "Explanation 1" shall be substituted.

4. In the principal rules, in the APPENDIX II, for Form No. 10BBA the following Form shall be substituted, namely:—

"FORM NO. 10BBA

[See sub-rule (1) of rule 2DC]

Application for notification under sub-clause (iv) of clause (c) of *Explanation 1* to the clause (23FE) of section 10 of the Income-tax Act, 1961

(Pension Fund)

SECTION 285BA OF THE INCOME-TAX ACT, 1961, READ WITH RULE 114E OF THE INCOME-TAX RULES, 1962 - STATEMENT OF FINANCIAL TRANSACTION OR REPORTABLE ACCOUNT - OBLIGATION TO FURNISH - FORMAT, PROCEDURE AND GUIDELINES FOR SUBMISSION OF STATEMENT OF FINANCIAL TRANSACTIONS (SFT) FOR DIVIDEND INCOME, INTEREST INCOME

NOTIFICATION NO. 1 OF 2021 [DGIT(S)/ADG(S)2/REPORTING PORTAL/2021/180], DATED 20-4-2021

Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Dividend income

Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT).

2. For the purposes of pre-filling the return of income, CBDT has issued Notification No. 16/2021 dated 12.03.2021 to include reporting of information relating to dividend income. The new sub rule 5A of rule 114E specifies that the information shall be furnished in such form, at such frequency, and in such manner, as may be specified by the Director General of Income Tax (Systems), with the approval of the Board.

3. The guidelines for preparation and submission of Statement of Financial Transactions(SFT) information are enclosed in [Annexure A](#) respectively. The data structure and validation rules are enclosed in [Annexure C](#) and [Annexure D](#) respectively. Notification No. 3 of 2018 Dated 5.04.2018 may be referred for the procedure for registration.

4.Reporting entities are required to prepare the data file in prescribed format from their internal system. An excel based report preparation utility has also been provided to assist small reporting entities in preparing data file. The data files prepared by internal system/report preparation utility should be validated using Text File Validator/Submission Utility. After validation, the text file is required to be compressed, encrypted and signed using the Text File Submission Utility before uploading on the reporting portal (<https://report.insight.gov.in/>). Reporting entities, having large number of data files, can also submit the data files using SFTP Server (specific request may be made for SFTP upload).

5.The statement of financial transactions shall be furnished on or before the 31st May, immediately following the financial year in which the transaction is registered or recorded.

6.The statement of financial transaction shall be signed, verified and furnished by the specified Designated Director. Where the reporting person is a non-resident, the statement may be signed, verified and furnished by a person who holds a valid power of attorney from such Designated Director. The data files are required to be uploaded at the reporting portal through the login credentials (PAN and password) of the designated director.

7.The reporting entities are advised to provide information of dividend income, reported to Income Tax Department, to the taxpayers which will enable them to reconcile the information displayed in the Annual Information Statement (AIS) (Form 26AS).

8.In case, the reporting person/entity comes to know or discovers any inaccuracy in the information provided in the statement or the defects have been communicated to the reporting person/entity, it is required to remove the defects by submitting a correction/deletion statement.

9.The reporting person/entity is required to document and implement appropriate information security policies and procedures with clearly defined roles and responsibilities to ensure security of submitted information and related information/documents. The reporting person/entity is also required to document and implement appropriate archival and retrieval policies and procedures with clearly defined roles and responsibilities to ensure that submitted information and related information/documents are available promptly to the competent authorities.

10.This Notification shall come into effect from the date of issue.

COMPANIES ACT 2013

SECTION 135 OF THE COMPANIES ACT, 2013 - CORPORATE SOCIAL RESPONSIBILITY - CLARIFICATION ON SPENDING OF CSR FUNDS FOR SETTING UP MAKESHIFT HOSPITALS AND TEMPORARY COVID CARE FACILITIES

GENERAL CIRCULAR NO. 5/2021 [E. F. NO. CSR-10/9/2020-CSR-MCA], DATED 22-4-2021

In continuation to this Ministry's General Circular No. 10/2020 dated 23.03.2020 wherein it was clarified that spending of CSR funds for COVID-19 is an eligible CSR activity, it is further clarified that spending of CSR funds for 'setting up makeshift hospitals and temporary COVID Care facilities ' is an eligible CSR activity under item nos. (i) and (xii) of Schedule VII of the Companies Act, 2013 relating to promotion of health care, including preventive health care, and, disaster management respectively.

2. The companies may undertake the aforesaid activities in consultation with State Governments subject to fulfillment of Companies (CSR Policy) Rules, 2014 and the circulars related to CSR issued by this Ministry from time to time.

3. This issues with the approval of competent authority

CLARIFICATION WITH REGARD TO APPLICABILITY OF PROVISIONS OF SECTION 139 OF THE COMPANIES ACT, 2013, READ WITH RULES 5 AND 6 OF THE COMPANIES (AUDIT AND AUDITORS) RULES, 2014

PRESS RELEASE, DATED 15-4-2021

Query:

Whether a Proprietary firm (having FRN) or individual CA who is practicing either in his own name or trade name can be appointed for two terms as per Section 139 of Companies Act, 2013?

Reply:

Section 139 of the Companies Act, 2013 provides that subject to the provisions of this Chapter, every company shall, at the first annual general meeting, appoint an individual or a firm as an auditor who shall hold office from the conclusion of that meeting till the conclusion of its sixth annual general meeting and thereafter till the conclusion of every sixth meeting and the manner and procedure of selection of auditors by the members of the company at such meeting shall be such as may be prescribed:

No listed company or a company belonging to such class or classes of companies as may be prescribed, shall appoint or re-appoint—

- (a) an individual as auditor for more than one term of five consecutive years; and
- (b) an audit firm as auditor for more than two terms of five consecutive years:

As per Rules 5 and 6 of Companies (Audit and Auditor) Rules, 2014, the Class of Companies who are required to comply with the provisions of Section 139 are as follows:

For the purposes of sub-section (2) of section 139, the class of companies shall mean the following classes of companies excluding one person companies and small companies:—

- (a) all unlisted public companies having paid up share capital of rupees ten crore or more;
- (b) all private limited companies having paid up share capital of rupees fifty crore or more;
- (c) all companies having paid up share capital of below threshold limit mentioned in (a) and (b) above, but having public borrowings from financial institutions, banks or public deposits of rupees fifty crores or more.

Manner of rotation of auditors by the companies on expiry of their term.-

As per Explanation I to Rule 6 of Companies (Audit and Auditor) Rules, 2014, the term "same network" includes the firms operating or functioning, hitherto or in future, under the same brand name, trade name or common control.

Further, as per the said Rules, Individual auditor shall include other individuals or firms whose name or trade mark or brand is used by such individual, if any.

Accordingly, it is stated that a Proprietary firm (having FRN) or individual CA who is practicing either in his own name or trade name can be appointed as auditor only for one term as per Section 139 of Companies Act, 2013.

New Definition of Small Companies as per Companies Act 2013
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In exercise of the powers conferred by sub-sections (1) and (2) of Section 469 of the **Companies Act, 2013** ("CA, 2013"), the Central Government, vide **Notification GSR 92(E) dated 01st February, 2021** has amended the Companies (Specification of Definitions Details) Rules, 2014 which shall come into force on the **1st day of April, 2021**.

"small company" means a company, other than a public company-

(i) paid-up share capital of which does not exceed ~~fifty lakh~~ two crore rupees or such higher amount as may be prescribed which shall not be more than ten crore rupees; and

(ii) turnover of which as per profit and loss account for the immediately preceding financial year does not exceed ~~two crore~~ twenty crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees.



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