



Weekly GST Communique



GST

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Important Press Releases

- Effective use of Technology enables Goa Central GST Commissionerate to administer Taxation remotely
- PIB issued statistics of India's Foreign Trade for the month of April 2020
- Shri Gadkari: Representation to register Retailers and Building and Construction Professionals as MSMEs will be examined
- Ministry of MSME Launches CHAMPIONS Portal i.e. www.Champions.gov.in
- Shri Nitin Gadkari emphasizes on Agro, Fishing and Forest MSMEs for manufacturing products using local raw material
- Relief Measures on MSMEs announced by FM vide Aatma Nirbhar Bharat Reforms
- PIB issued monthly performance of CPSEs capital expenditures and payments due to MSMEs Vendors

Important Update

- CESTAT made amendment in Customs, Excise, and Service Tax (Procedure) Rules, 1982

Video of the Week

- GSTR-3B can be revised and manually filed for corrections || CA (Adv) Bimal Jain

Income Tax

Important Updates

- CBDT issued revised TDS Rate Chart as applicable for F.Y. 2020-21 w.e.f May 14, 2020
- Income Tax India clarified a small typographical error in the table of TDS/TCS rates in the Press Release issued on May 13, 2020

Important Press Release

- Relief Measures on Direct Tax announced by FM vide Aatma Nirbhar Bharat Reforms

Self-Reliant India Movement (20 Lakh Crore-Package)

- Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part-1) - May 13, 2020
- Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part 2) - May 14, 2020
- Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part 3) - May 15, 2020
- Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part-4) - May 16, 2020
- Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part-5) - May 17, 2020

GST

Important Judgment, Rulings, etc.

Pre-GST CENVAT credit available till June-end revised



The Delhi High Court on Tuesday allowed taxpayers registered under Goods and Services Tax (GST) to claim accumulated CENVAT credit from pre-GST regime till June 30, 2020, and noted that the benefit of transitional credit will be applicable for three years (since launch of GST on July 1, 2017) which is the period mentioned in the limitation Act.

Under the GST Act, taxpayers were allowed to carry forward input tax credits from excise and service tax regime by filing TRAN-1 form. Although the original deadline expired in September, 2017 the government granted several extensions till December 27, 2017. **Further, taxpayers who couldn't file the claim due to technical glitch in the system were allowed to do so till March 31, 2020.**

You can access the complete video on **"GSTR-3B can be revised and manually filed for corrections || CA (Adv) Bimal Jain"** at following link: <https://youtu.be/OfatHgZZJ4Y>

Read More at: <https://www.financialexpress.com/economy/pre-gst-cenvat-credit-available-till-june-end-revised/1949278/>

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No GST on salary to full-time directors, rules AAR

The controversy on whether remuneration paid to directors of a company is subject to Goods and Services Tax (GST) has been put to rest by a recent ruling, given by the Authority for Advance Rulings, Karnataka bench. Anil Kumar Agrawal, who had received salary as a director from a private company, had approached the Karnataka bench. In its order dated May 4, the AAR bench has clarified that if the director, is an employee of the company, there will be no incidence of GST.

However, if the director is a non-executive director (i.e., a nominated director), and provides his or her services to the company, then the remuneration paid is subject to GST. **In such cases, the 'reverse-charge' mechanism will apply and it is the company (recipient of the services) who will pay the GST.** AAR rulings have a persuasive role in similar cases. Thus, this ruling will be useful to India Inc, to substantiate that GST does not arise in case of remuneration paid to full-time directors, who essentially are key managerial personnel of the company.

Read More at: <https://timesofindia.indiatimes.com/business/india-business/no-gst-on-salary-to-full-time-directors-rules-aar/articleshow/75657544.cms>

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GST on director salaries: Firms receive notices despite diverse AAR rulings

Even as authorities of advance rulings differ on the liability to pay the GST on salaries paid by firms to directors, some states have already started issuing notices to companies asking them to provide details of the GST paid through reverse charge on such remunerations. One of the notices seen by FE has been issued by the GST administration in Chhattisgarh to a company asking it to disclose the GST paid on the remuneration received by directors of the company since July 1, 2017. It fails to make any distinction between executive or non-executive directors.

The notice follows despite the Karnataka Bench of AAR ruling that came earlier this month, saying an executive director provides services to a company as an employee does to the employer, and the same can't be treated as supply of services according to the GST Act. However, it said that a non-executive director, who doesn't receive remuneration from the company as an employee and only gets fees for attending board meetings would be required to pay the GST on such fees through the reverse charge mechanism. In April, the Rajasthan Bench of AAR had ruled that remuneration paid to directors of a company would be subject to the GST. The ruling was contradicted by the Karnataka AAR a month later.

Read More at: <https://www.financialexpress.com/industry/gst-on-director-salaries-firms-receive-notices-despite-diverse-aar-rulings/1959398/>

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NAA held Samsonite responsible for profiteering, asked to deposit ₹25.73 cr



Profiteering watchdog, National Anti-profiteering Authority has held luggage and luggage accessories maker Samsonite India responsible for profiteering in respect of the supply of American Tourister Trolley. Accordingly, the company has been asked to deposit a profiteering amount of ₹25.73 crore with Central and States' Consumer Welfare Funds (CWFs).

In this matter, the applicant alleged that the company had not reduced the selling price of the product when the GST rate was reduced to 18 per cent from 28 per cent with effect from November 15, 2017 and denied the benefit of rate reduction on sales through various channels. The company its response argued that it did pass the benefit and produced some of the invoices. It said that complaint was based on the screenshot of the product sold by a third party and had not bought by the applicant. It also questioned the methodology of calculating profit and final arrived figure.

NAA is tasked to determine if the reductions in tax rates and the benefits of the input tax credit are being passed on to consumers by way of commensurate decline in prices. In the event, the Authority confirms there is a necessity to apply anti-profiteering measures, it has the authority to order the supplier/business concerned to reduce its prices or return the undue benefit availed by it along with interest to the recipient of the goods or services. **If the undue benefit cannot be passed on to the recipient, it can be ordered to be deposited in the Consumer Welfare Fund. In extreme cases, the NAA can impose a penalty on the defaulting business entity and even order cancellation of its registration under GST.**

After hearing all the arguments, NAA held the methodology adopted by the DGAP (Director General-Anti Profiteering) for computation of profiteered amount by comparing the average base prices of the products in respect of which the rate of GST was reduced to 18 per cent 28 per cent with the actual post rate reduction base prices of these products appears to be correct, reasonable, justifiable and in consonance with provisions of law.

Talking about the complainant, the authority said that there was accurate and adequate prima facie evidence before the Standing Committee on Anti-Profiteering to order an investigation by the DGAP as per rule. The complaint was lodged based on the MRP (Maximum Retail Price), which only the Respondent could fix as a manufacturer, on which he had supplied the above product retail outlet. It is further apparent that the application

was filed on the basis of the POs (Purchase Order) and not based on screenshots of the website of an online retailer as has been claimed by the Respondent.

NAA took note of rule book which provides that any other person can make a complaint under the anti-profiteering provisions and it was not necessary that such a person should have purchased the product himself. Therefore, the Applicant is legally competent to maintain the present complaint against the Respondent, it held.

The authority made it clear that the Respondent was legally not required to collect the excess GST and therefore, he has not only violated the provisions of the law but has also acted in contravention of the provisions the law as he has denied the benefit of tax reduction to his customers by charging excess GST.

Read More at: <https://www.thehindubusinessline.com/companies/naa-held-samsonite-responsible-for-profiteering-asked-to-deposit-2573-cr/article31565943.ece#>

LIC maturity sum will not attract GST



In a significant ruling, the Karnataka Advance Ruling Authority has said that LIC's maturity sum will not attract GST as it is not a service, putting an end to the ambiguity over the issue among taxpayers.

"The insurance premium of policies is taxable under GST, being the consideration for the services provided by the insurance companies. Therefore, on completion of the said contract/maturity of the policy, there would not be any service involved between the policyholder and the insurance company," a bench headed by Ravi Prasad M.P. and Mashhood Ur Rehman Farooqui said.

"Therefore, the amounts received on maturity of the insurance policies are not relevant to the aggregate turnover and, hence, are not required to be added to the aggregate turnover for registration under the provisions of the GST Act," the ruling said.

Read More at: <https://www.telegraphindia.com/business/lic-maturity-sum-will-not-attract-gst/cid/1772296>

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Important Notifications, Circular, etc.

CBIC to reviews the measures to accept an undertaking in lieu of a bond for customs clearance in Sec 143AA of Customs Act, 1962



CBIC to reviews the measures to accept an undertaking in lieu of a bond for customs clearance in Sec 143AA of Customs Act, 1962

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The CBIC vide *Circular No. 23/2020 - Customs dated May 11, 2020*, which review the measure to facilitate trade in section 143AA of the Customs Act, 1962, wherein the relaxation was given, in the context of lockdown announced by the Government due to COVID-19 pandemic, to accept an undertaking in lieu of a bond required during customs clearance, subject to conditions as underlined in the circular. The facility was extended till 15.05.2020 vide Circular 21/2020 dated 21.04.2020

2. In reference to MHA order 40-3/2020-DM-I(A) dated 01.05.2020, wherein the lockdown was further extended for two weeks with effect from 4th May, 2020, and taking into consideration that it might take sometime after the end of the lockdown for the situation to normalize, **the Board has decided to further extend the facility of accepting undertaking in lieu of bond for the period till 30.05.2020. Consequently, the date for submission of proper bond in lieu of which the undertaking is being temporarily accepted is extended till 15.06.2020.** This relaxation will be reviewed by the Board at the end of the lockdown period.

3. The conditions underlined in *Circular No.17/2020 dated 03.04.2020* stand as they are.

The Circular can be accessed at: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-23-2020.pdf;jsessionid=01D77154B3FAF6148B1DD5126A053006>

CBIC clarified the incidence of NCCD to be factored for calculation of Brand Rate of Duty Drawback**CBIC clarified the incidence of NCCD to be factored for calculation of Brand Rate of Duty Drawback**

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Background:-

As per ***Instruction No. 4/2019- Customs dated 11.10.2019*** which clarified the position regarding Education Cess, Secondary and Higher Education Cess, Social Welfare Surcharge, Clean Environment Cess (erstwhile Clean Energy Cess) and Stowage Excise Duty levied on inputs used in the manufacture of export goods with regard to their incidence for the purpose of calculation of Brand Rate of duty drawback.

Representations have been received in the Board seeking inclusion of the incidence of National Calamity Contingent Duty (NCCD) levied on the inputs used in the manufacture of export goods in calculation of Brand Rate of duty drawback. The matter has been examined keeping in view the relevant statutory provisions, Customs and Central Excise Duties Drawback Rules, 2017 and Board's Instruction No. 4/2019- Customs dated 11.10.2019, NCCD is levied under Section 136 of Finance Act, 2001 as a duty of excise and under Section 134 of Finance Act, 2003 as a duty of customs. These legislations respectively inter-alia provide that provisions of Central Excise Act, 1944, Customs Act, 1962 and rules and regulations made thereunder including those relating to refunds, exemptions etc. shall apply to this levy. Section 75 of the Customs Act, 1962 allows drawback of duties of customs chargeable under the Act. Section 12 of the said Act provides for levy of duties of customs at such rates as may be specified under the Customs Tariff Act, 1975 or any other law for the time being in force. NCCD is also taken into account in the calculation of All Industry Rates of duty drawback by the Drawback Committee.

Clarification: -

The CBIC vide Instruction No. 05/2020 dated May 12, 2020, it was clarified that the incidence of National Calamity Contingent Duty ("NCCD") where applicable, is required to be factored in calculation of Brand Rate of duty

drawback. Further, the Field formations are requested to deal with applications for fixation of Brand Rate of duty drawback accordingly.

The Instruction can be accessed at: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-instructions/cs-instructions-2020/cs-ins-05-2020.pdf>

CBIC notifies extension of due-dates for payment under SVLDRS

SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME,

CBIC vide **Notification No. 1/2020- Central Excise (N.T.) dated 14.05.2020** extended time limit for furnishing various forms, statements and payment of dues under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS); Amends SVLDRS Rules, 2019, specifies due-date for furnishing statement of amount in FORM SVLDRS-03 as May 31, 2020 and estimate of amount payable in FORM SVLDRS -02 as May 01, 2020; Further, specifies due-date for payment to be made in FORM SVLDRS-03 as June 30, 2020, 2020.

This Notification shall come into force from the date of its publication in official gazette

The Notification can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/ce-nt01-2020-1.pdf>

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Chennai Chief Commissioner activates a Whatsapp Number for redressal of Trade Grievances

जी.एस.टी. एवं केन्द्रीय उत्पाद शुल्क आयुक्तालय, पांडिचेरी (पुदुचेरी)

GST & Central Excise Commissionerate, Pondicherry (Puducherry).

The Chief Commissioner of GST & Central Excise Tamil Nadu & Puducherry vide ***GST Trade Notice No. 03/2020 dated May 15, 2020***, has decided to set up of a WhatsApp Number for Centrally administered taxpayers in Tamil Nadu and Puducherry as an additional channel of communication in addition to the existing e-mail and other modes of communication. The taxpayers falling under the Central Jurisdiction within the State of Tamil Nadu and the Union Territory of Puducherry are requested to avail the facility of the following WhatsApp number for redressal of their Grievances and resolution of Queries and bring to the notice of this office any issues relating to GST:

WhatsApp No.: 94444 02480

While messaging, the Taxpayers may kindly indicate their GSTIN and Jurisdiction for quicker disposal of Grievances/ Queries. It is also informed that only WhatsApp message only will be entertained and calls to the number will be disabled. An officer in the Principal Chief Commissioner's Office will act as a single-window nodal officer for this WhatsApp number and will be responsible to send replies to the Taxpayers and General Public after obtaining the feedback from the Jurisdictional Officers.

Further, all the Principal Commissioners/Commissioners are requested to circulate this Trade Notice for the Notice of all the officers working in their Commissionerate and taxpayers falling under their respective jurisdictions. **This number is for redressal of Trade grievances only and not for the issues pertaining to Officers and Staff.**

The Trade Notice can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/GST-TRADE-NOTICE-NO.-03.2020.pdf>

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Government of Kerala notified the due date for filing Kerala Flood Cess Return for the Period Feb 2020 to May 2020



Government of Kerala notified the due date for filing Kerala Flood Cess Return for the Period Feb 2020 to May 2020

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Background:-

As per the Notification issued under G. O. (P) No. 96/2019/TAXES dated June 29, 2019 and published as S.R.O. No. 435/2019 in the Kerala Gazette Extraordinary No. 1445 dated July 01, 2019, the Government of Kerala had decided to implement the Kerala Flood Cess with effect from August 01, 2019. As per the notification issued under G. O. (P) No. 80/2019/TAXES dated May 25, 2019 and published as S.R.O. No. 359/2019, **the Government have further notified that the due date for filing GSTR 3B return is applicable for return for Kerala Flood Cess also. The Flood Cess returns are accordingly to be filed on or before the 20th of the succeeding month.**

Issues:-

But various trade bodies/organizations have raised certain practical difficulties with regards to the filing of Kerala Flood Cess returns along with GSTR 3B returns due to the unprecedented spread of pandemic COVID-19. The matter has been examined and found that the issues raised need to be redressed.

Relief/Clarification:-

The Government of Kerala vide **Notification No.07/2020 - State Tax dated April 28, 2020**, has extended the due date for filing Kerala Flood Cess return for the tax period as specified in column (3) of the Table given below, for the class of registered persons mentioned in the corresponding entry in column (2) of the said Table, to the date mentioned in the corresponding entry in column (4) of the said Table, namely:-

S.I No.	Class of registered persons	Tax Period	Date extended
(1)	(2)	(2)	(4)

1	Taxpayers having an aggregate turnover of more than rupees 5 crores in the preceding financial year	February, 2020, March, 2020 and April, 2020	24th day of June, 2020
2	Taxpayers having an aggregate turnover of more than rupees 1.5 crores and up to rupees five crores in the preceding financial year	February, 2020 and March, 2020	29th day of June, 2020
		April, 2020	30th day of June 2020
3	Taxpayers having an aggregate turnover of up to rupees 1.5 crores in the preceding financial year	February, 2020	30th day of June 2020
		March, 2020	3rd day of July
		April, 2020	6th day of July, 2020
4	Taxpayers having an aggregate turnover of more than rupees 5 crore rupees in the previous financial year	May, 2020	27th June, 2020
	Taxpayers having an aggregate turnover of up to rupees five crore rupees in the previous financial year	May, 2020	12th of July, 2020

The Notification can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/Flood-Cess.pdf>

Dept of Commerce issued important operational issues pertaining to Special Economic Zones (SEZs)/Export Oriented Units (EOUs)



Government of India

Ministry of Commerce and Industry

DEPARTMENT OF COMMERCE

Dept of Commerce issued important operational issues pertaining to Special Economic Zones (SEZs)/Export Oriented Units (EOUs)

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The Department of Commerce & Industry (SEZ Section) vide *Circular No. K-43022/7/2020 - SEZ dated May 15, 2020*, has clarified the operational issues faced by the stakeholders of SEZs/ EOUs during the month of April 2020. Therefore, the Department of Commerce had taken up these issues with the Directorate General of Export Promotion (DGEP), Department of Revenue. The details of the issues and inputs received from DGEP are as follows:

Sl. No.		Details of issues raised by stakeholders and referred to DGEP	Reply from DGEP
Issues requiring immediate action			
A.	Immediate refund of input GST to the DTA suppliers of SEZ units. recently, in some of the cases, the refunds are pending for more than six months thereby, blocking their working capital	No specific instances of such non-sanctioning of ITC refunds have been provided against supplies made to SEZ developers and units. DGEP has requested to provide a list of such ITC refunds not sanctioned beyond 6 months of filing them with details like name of DTA supplier, GSTIN, invoice details, etc. so that concerned field formations can be flagged for necessary actions. However, CBIC has been issuing clarificatory circulars on refund related issues from time to time with circular no. 135/05/2020-GST dated 31.03.2020 being the latest one. CBIC recently has begun a countrywide special drive to expedite Customs and GST refunds ending as of 7th April 2020. These measures taken by CBIC may be informed to officers for further dissemination to various stakeholders in this regard,	
B.	Extension of timelines fixed for e- ay bills in view of the extra time being taken for obtaining permission from designated nodal authorities and in view of the restrictions imposed on the movement of goods due to lockdown.	The request to extend timelines fixed for e-way bills has already been taken care of by CBIC with the issuance of notification no. 35/2020-Central dated 03.04.2020, wherein if the validity of n e-way bill generated under Rule 138 of the GST Rules expires during the period 20.03.2020 to 15.04.2020, the validity period of such e-way bill has been extended till the 30.04.2020.	
C.	Release of exports/imports shipments from ports, which are held up due to lockdown.	CBIC has taken various measures like 24x7 customs functioning, single-window helpdesk on the CBIC website, Customs Zones/formations wise appointment of nodal officers with name, designation, office, and e-mail address and contact details for facilitating Customs clearance amidst the OVID-19 crisis, waiver of late fee for delays in filing Bills of Entry [Notification no. 27/2017-customs (N.T.) dated 31.03.2017 read with the second proviso to section 46(3) of the Customs Act], temporarily dispensing with the submission of bonds, wherever required [circular no. 17/2020-Customs dated 03.04.2020, etc. Zonal Customs formations re also issuing Public Notices from time to time in order to address various import/export-related issues relating to COVID- 19 lockdown problems. these measures have been specially undertaken to facilitate Customs clearance/release of exports/imports shipments from ports, which are held up due to COVID- 19 lockdown. Specific instances of such export/import shipment issues not yet resolved may be informed to the nodal officer of that Customs Zone/Formation for its redressal.	
General Policy Issues			
D.	GST is currently being imposed on foreign currency conversion charges. In order to promote exports and to avoid cash flow issues for exporters,	Proposal for reducing/ eliminating GST imposed on foreign currency conversion charges has been flagged to JS (TRU-I) for examination.	

	GST on foreign currency conversion charges may be reduced/eliminated.	
E.	As an export promotion measure, OUS may also be granted ab-initio exemption from payment of GST.	GST law has been premised on the principle of paying first and then claiming refund for the simple reason as to maintain the GST credit chain with its verifiable audit trail and to avoid any fraudulent claims. However, for EOUs, a number of measures as already been taken to simplify the processes. he imports by EOUs have been exempted from payment of IGST till 31.03.2021 vide notification O. 16/2020-Customs dated 24.03.2020. For domestic procurements, such supplies have been declared as deemed export supplies under section 147 of CGST Act and either supplier or receiver can claim the refund of GST paid, vide notification no. 47 & 48/2017-Central Tax, both dated 18.10.2017. The claim of refund of accumulated ITC (Input Tax Credit) has been made completely online w.e.f. 26.09.2019 and such refunds under all tax heads (whether CGST, SGST, GST or Compensation Cess) have been enabled to e-sanctioned and disbursed by a common single authority (either Centre or State) as clarified vide circular no. 125/44/2019 dated 18.11.2019. As the process of refund is quite hassle-free, online and quick, hence there appears no requirement of obtaining ab-initio exemption from payment of GST in domestic procurement by EOUs.
F.	As an alternative to the refunds of GST, Income Tax etc. pending disbursement from Government, commercial banks may be directed to advance loans with interest being paid by Government for such funds of GST, taxes, etc. pending.	No basis/framework has been provided for this proposal of Government paying the interest against loan advanced by Banks in lieu of refunds of GST, Income Tax etc. A concept paper may be provided in this regard for examination by CBIC.
G.	There is a need for elimination of physical submission of documents or custom clearances.	There seems to be no requirement for submitting physical documents to concerned Customs officer at the port of import/export by units/ developers in SEZ or their representatives at the time of import/export of goods due to integration of Customs EDI ICES) with SEZ Online system. The hitherto annual procedure of endorsing/ validation actions by officers both at the end of SEZ and customs port in workflow involving import/export has been automated by this integration hereby dispensing with the requirement of submitting various documents at the port of import/export. Customs formations have issued Public notices in this regard. Specific instances may be provided so that concerned field formations can be tagged on this issue.
H.	Eliminate requirement of obtaining transshipment permission for movement of import cargo from port area of SEZ units in case of port based SEZs like Mundra.	Transshipment procedure for the movement of goods from gateway port to SEZ is provided under SEZ rules. As per this, fifth copy of the registered or assessed Bill of Entry filed by an importer in SEZ I will be submitted to Customs officer at the port of import, and is itself treated as permission for transfer of goods to SEZ. No separate documents or transshipment

		bond is required to be filed, and the transshipment permission is stamped on the fifth copy of the Bill of Entry. Therefore, the transshipment procedure for movement of cargo wants for SEZs is already much simplified under EZ law. Hence, there seems to be no requirement of doing away with transshipment permission for movement of import cargo from the port area of SEZ units in case of port-based SEZs like Mundra for its uniformity across all SEZs.
I.	Non-disbursement of Duty drawback to goods supplied from TA to FTWZ: As per Rule 24(2) of SEZ Rules, 2006, a DTA supplier who supplies goods to FTWZ is eligible for claiming Duty drawback from their jurisdictional ST Commissioner or Central excise Commissioners. However, rule 24(3) states that Duty drawback shall be admissible subject to the payments for the supply are made from the Foreign currency Account of the Unit. As per Rule 18(5), a transaction between DTA Supplier and the foreign Supplier is permitted, however, in this export transaction the payment is not routed through the Unit's account. Hence, there is a lack of provision/clarity for grant of duty Drawback in such an export section.	In the context of FTWZ, the requirement of making payment from forex account of the unit in FTWZ to a DTA supplier seems to be not feasible as unlike in SEZ, goods in FTWZ are held on behalf of the foreign supplier and therefore, payment for such goods are made directly in forex to the DTA entity by such foreign supplier and not by the FTWZ unit. A separate proposal in this regard may be sent for examination by CBIC.
J.	Permission to File a consolidated Bill of Entry in case of E-Commerce from FTWZ.	The proposal to permit filing consolidated Bill of entry by a unit in FTWZ against goods imported by domestic consumers through the E-Commerce platform is under examination. Further inputs in this regard have been received from stakeholders which are under active examination.
K.	Request for exemption of GST on services rendered and consumed within FTWZ: Units in FTWZ are allowed to hold goods on account/behalf of foreign entities in accordance with Special Economic zones Act, Rules & Instructions. Such foreign entities do not have presence in India. Indian FTWZs are competing with the Global Free zones located in Singapore, Dubai, and China, etc. As per international practices, taxes are not levied on services rendered to such foreign entities in those zones, thereby maintaining the spirit of	FTWZ units primarily provide warehousing services and other allied services like labeling, packing, repacking etc. to their foreign supplier in FTWZ. Here, the goods are owned by the foreign supplier and the unit in FTWZ only holds such good on behalf of such foreign supplier. As the recipient of service i.e. the foreign supplier is not registered in India, as per IGST Act, the place of supply of services, in this case, shall be the place where these services are performed, i.e. the FTWZ itself. Therefore, even if the recipient of services is the foreign supplier located abroad, such services are not considered as export of services under the ST law, and therefore, are rightly taxable @18% ST. However, it was being informed by your office that as per international practices, taxes are not levied on such services rendered to foreign clients in FTWZ located in Dubai, Singapore, China, etc. If that be the case, further

	avoiding export of taxes from such countries. Whereas in India, GST @18% levied on services rendered and consumed inside FTWZ, thereby exporting taxes.	inputs are provided on this as far as an international practice are concerned so that it can be further examined by CBIC.
L.	Due to loss of business, diamonds purchased from DTA from Jan 2020 may be permitted to be returned to TA without duty as there is no venue loss in such transactions.	Section 30 of the SEZ Act provides for charging duties of customs on supply of any goods from SEZ to DTA. Therefore, diamonds purchased from DTA by units in SEZ, if supplied as such back to the DTA supplier, customs duty shall be chargeable as if such goods are imported into India. SEZ law does not extend any exclusion from payment of customs duty on as such clearance from SEZ to DTA. Therefore, the request can't be considered under the provisions of the extant SEZ law.

Note: This issues with the approval of the Competent Authority for kind information and necessary action by all the Development Commissioners.

The Issues can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/Special-Economic-Zones-SEZs-Export-Oriented-Units-EOUs.pdf>

Dept of Commerce has provided Interim relief to SEZ units in lease rent on account of COVID-19



The Ministry of Commerce & Industry vide File No. K-43014(16)/5/2020 - SEZ dated May 11, 2020 to provide interim relief to the SEZ units in lease rent on account of the COVID-19. The following relief for SEZ units on account of the COVID-19 outbreak are as under:-

(A) No increase in lease rent for the SEZ units for the FY 2020-21

(B) Payment of Lease rent of the first quarter is to be deferred up to 31st July 2020 for all SEZ units. The deferment may not invite any interest thereof.

Further, the DCs are requested to take necessary action on the matter. The DCs are also requested to advise developers of state gov/private SEZs to consider similar relief measures in their zones.

The Circular can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/lease-rent-issue.pdf>

Important Press Releases

Effective use of Technology enables Goa Central GST Commissionerate to administer Taxation remotely



**Effective use of
technology enables
Goa Central GST
Commissionerate
to administer
Taxation remotely**

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COVID19 Pandemic saw businesses transitioning to remote work and building efficient strategies thereof. Central GST Commissionerate Goa swiftly adopted technologies of remote work so that businesses are kept buoyant and Taxpayers are at ease.

The Systems Directorate of Central Board of Excise and Customs (CBIC) gave remote access to CBIC-GST application to all officers through Virtual Private Network so that work is not hampered. **During the lockdown, Goa Commissionerate processed and disposed of 54 GST refund claims. Four refund claims pertaining to erstwhile central excise and service tax were also disposed. 10360 returns pertaining to both central excise and service tax were also reviewed. 255 cancellation requests sent by taxpayers were processed and 311 cancellations were done suo-motu by officers of CGST.**

Earlier an Ordinance was issued to provide relaxation in the provisions of certain acts. **The time limit for filing of the appeal, furnishing of return, or any other compliance under the GST Act has been extended as per the Ordinance.** CBIC has also issued several circulars as part of the Trade Facilitation Measures during the outbreak of COVID-19.

The Press Release can be accessed at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1622479>

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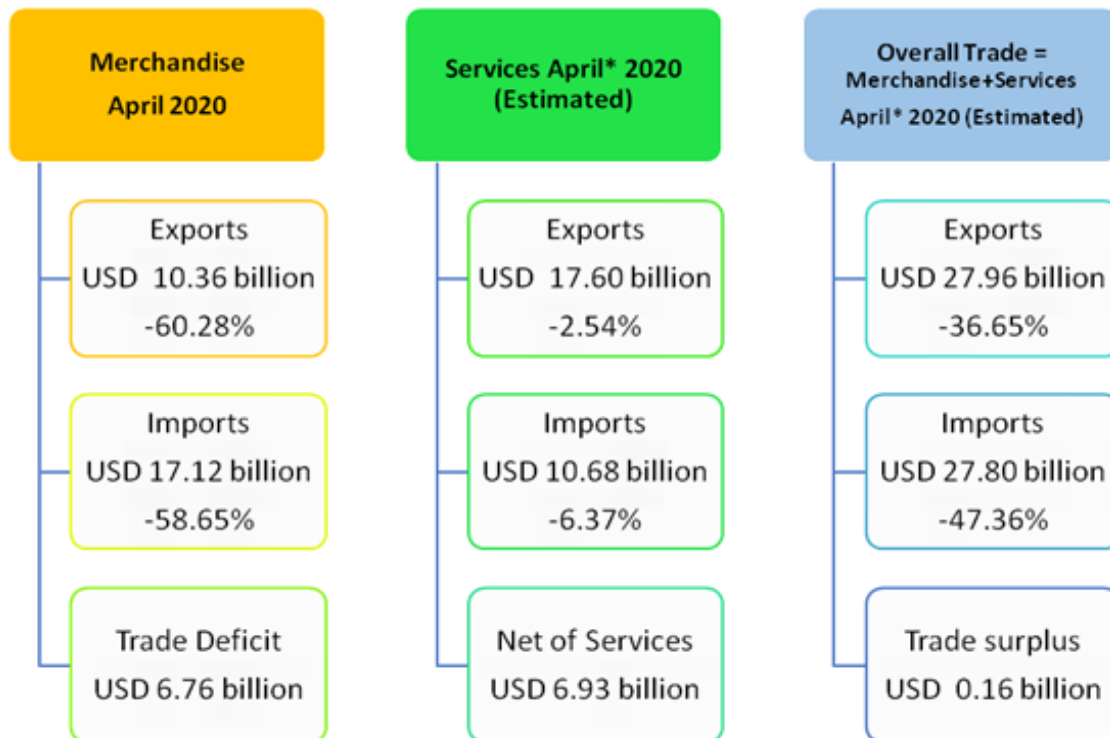
PIB issued statistics of India's Foreign Trade for the month of April 2020



PIB issued statistics of India's Foreign Trade for the month of April 2020

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India's overall exports (Merchandise and Services combined) in April 2020* are estimated to be USD 27.96 billion, exhibiting a negative growth of (-) 36.65per cent over the same period last year. Overall imports in April 2020* are estimated to be USD 27.80billion, exhibiting a negative growth of (-) 47.36 percent over the same period last year.



**Note: The latest data for the services sector released by RBI is for March 2020. The data for April 2020 is an estimation, which will be revised based on RBI's subsequent release.*

I. MERCHANDISE TRADE:-

(A) EXPORTS (including re-exports)

Exports in April 2020 were USD10.36 billion, as compared to USD26.07 billion in April 2019, exhibiting a negative growth of (-)60.28 per cent. In Rupee terms, exports were Rs. 78,951.41 crore in April 2020, as compared to Rs. 1,81,021.34 crore in April 2019, registering a negative growth of (-) 56.39 per cent. The decline in exports has been mainly due to the ongoing global slowdown, which got aggravated due to the current Covid-19 crisis. The latter resulted in large scale disruptions in supply chains and demand resulting in the cancellation of orders.

Except for Iron Ore and Drugs & Pharmaceuticals which registered a growth of 17.53% and 0.25% respectively, all another commodity/commodity groups have registered negative growth in April 2020 vis-a-vis April 2019.

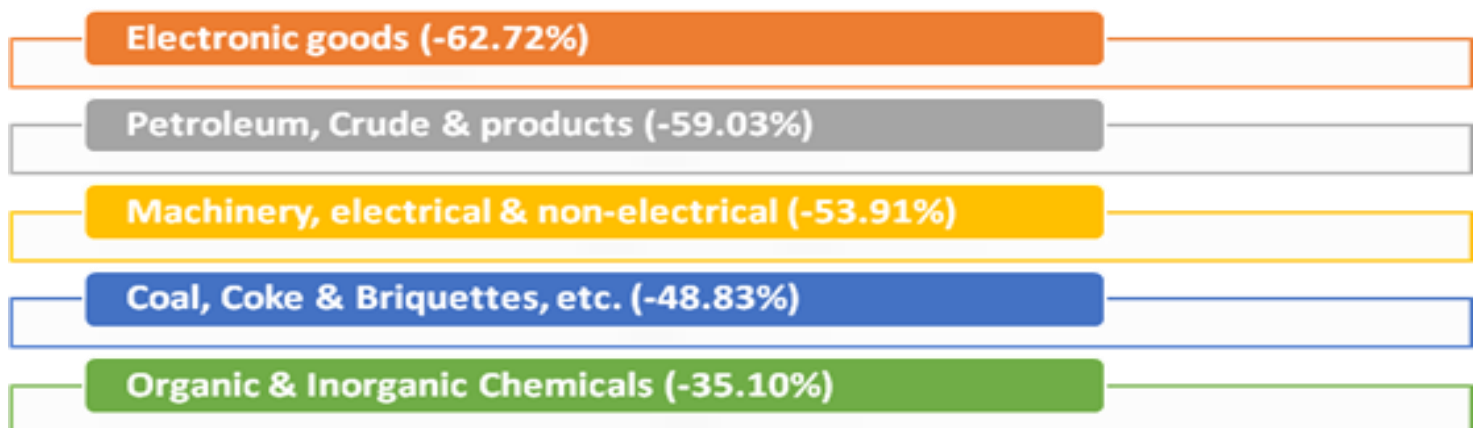
Major commodity groups which have recorded negative export growth during April 2020 vis-à-vis April 2019 are Gems & jewellery (-98.74%), Leather & leather products (-93.28%), Handicrafts excl. handmade carpet (-91.84%), Carpet (-91.67%), RMG of all textiles (-91.04%), Jute mfg. including floor covering (-90.61%), Man-made yarn/fabs./made-ups etc. (-84.11%), Cotton yarn/fabs./made-ups, handloom products etc. (-82.46%), Ceramic products & glassware (-76.72%), Electronic goods (-71.04%), Tea (-68.89%), Tobacco (-68.47%), Cashew (-67.55%), Petroleum products (-66.22%), Engineering goods (-64.76%), Oil seeds (-62.33%), Mica, Coal & other ores, minerals including processed minerals (-60.41%), Meat, dairy & poultry products (-60.34%), Oil meals (-50.6%), Cereal preparations & miscellaneous processed items (-48.28%), Coffee (-44.22%), Marine products (-43.94%), Organic & inorganic chemicals (-41.93%), Other cereals (-40.86%), Spices (-32.18%), Plastic & Linoleum (-25.35%), Fruits & vegetables (-9.29%) and Rice (-7.04%).

Non-petroleum and Non-Gems and Jewellery exports in April 2020 were USD9.08 billion, as compared to USD19.54 billion in April 2019, exhibiting a negative growth of (-) 53.54 per cent.

(B) IMPORTS

Imports in April 2020 were USD17.12 billion (Rs.1,30,525.08 crore), which was 58.65 per cent lower in Dollar terms and 54.59 per cent lower in Rupee terms over imports of USD41.40 billion (Rs2,87,432.93 crore) in April 2019.

Major commodity groups of import showing negative growth in April 2020 over the corresponding month of last year are:



(C) CRUDE OIL AND NON-OIL IMPORTS:

Oil imports in April 2020 were USD 4.66 billion (Rs. 35,537.22 crore), which was 59.03 percent lower in Dollar terms (55.01 percent lower in Rupee terms), compared to USD 11.38 billion (Rs. 78,989.46 crore) in April 2019.

In this connection, it is mentioned that the global Brent price (\$/bbl) has decreased by 67.22% in April 2020 vis-à-vis April 2019 as per data available from World Bank.

Non-oil imports in April 2020 were estimated at USD 12.46 billion (Rs. 94,987.86 crore) which was 58.50 per cent lower in Dollar terms (54.43 percent lower in Rupee terms), compared to USD 30.02 billion (Rs. 2,08,443.47 crore) in April 2019.

Non-Oil and Non-Gold imports were USD 12.46 billion in April 2020, recording a negative growth of (-) 52.18 percent, as compared to Non-Oil and Non-Gold imports of USD 26.05 billion in April 2019.

II. TRADE IN SERVICES:-

(A) EXPORTS (Receipts)

As per the latest press release by RBI dated 15th May 2020, exports in March 2020 were USD 18.16 billion (Rs. 1,35,043.18 crore) registering a positive growth of 1.22 percent in dollar terms, vis-à-vis March 2019. The estimated value of services export for April 2020* is USD 17.60 billion.

(B) IMPORTS (Payments)

As per the latest press release by RBI dated 15th May 2020, imports in March 2020 were USD 11.11 billion (Rs. 82,618.50 crore) registering a negative growth of (-) 2.23 per cent in dollar terms, vis-à-vis March 2019. The estimated value of service import for April 2020* is USD 10.68 billion.

III. TRADE BALANCE:-

(A) MERCHANDISE: The trade deficit for April 2020 was estimated at USD 6.76 billion as against the deficit of USD 15.33 billion in April 2019.

(B) SERVICES: As per RBI's Press Release dated 15th May 2020, the trade balance in Services (i.e. Net Services export) for March 2020 is estimated at USD 7.05 billion.

(C) OVERALL TRADE BALANCE: Taking merchandise and services together, the overall trade surplus for April 2020* is estimated at USD 0.16 billion as compared to the deficit of USD 8.67 billion in April 2019.

**Note: The latest data for the services sector released by RBI is for March 2020. The data for April 2020 is an estimation, which will be revised based on RBI's subsequent release.*

EXPORTS & IMPORTS: (US \$ Billion)	
(PROVISIONAL)	
	APRIL
EXPORTS (including re-exports)	
2019-20	26.07
2020-21	10.36

%Growth 2020-21/ 2019-20	-60.28
IMPORTS	
2019-20	41.40
2020-21	17.12
%Growth 2020-21/ 2019-20	-58.65
TRADE BALANCE	
2019-20	-15.33
2020-21	-6.76
EXPORTS & IMPORTS: (Rs. Crore)	
(PROVISIONAL)	
	APRIL
EXPORTS (including re-exports)	
2019-20	1,81,021.34
2020-21	78,951.41
%Growth 2020-21/ 2019-20	-56.39
IMPORTS	
2019-20	2,87,432.93
2020-21	1,30,525.08
%Growth 2020-21/ 2019-20	-54.59
TRADE BALANCE	
2019-20	-1,06,411.59
2020-21	-51,573.67

SERVICES TRADE**EXPORTS & IMPORTS (SERVICES): (US \$ Billion)**

(PROVISIONAL)	March 2020	April-March 2019-20
EXPORTS (Receipts)	18.16	214.61
IMPORTS (Payments)	11.11	131.56
TRADE BALANCE	7.05	83.05

EXPORTS & IMPORTS (SERVICES): (Rs. Crore)

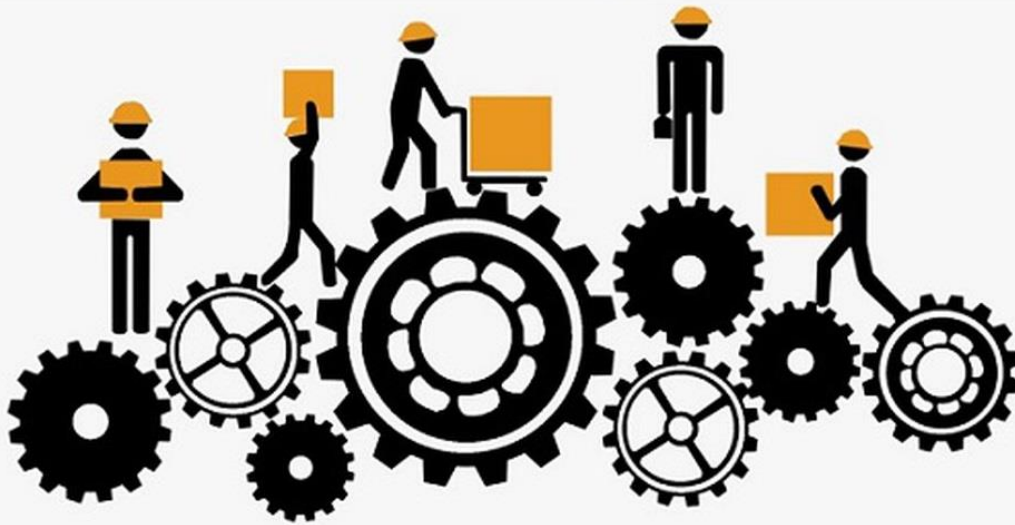
(PROVISIONAL)	March 2020	April-March 2019-20
EXPORTS (Receipts)	1,35,043.18	15,21,939.15
IMPORTS (Payments)	82,618.50	9,32,981.07
TRADE BALANCE	52,424.68	5,88,958.08

Source: RBI Press Release dated 15th May 2020

The Statistics of Major Commodities for April 2020 can be accessed at: [Quick Estimates for Selected Major Commodities for April 2020](#)

The Press Release can be accessed at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1624102>

Shri Gadkari: Representation to register Retailers and Building and Construction Professionals as MSMEs will be examined



Shri Gadkari: Representation to register Retailers and Building and Construction Professionals as MSMEs will be examined

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Union Minister for MSME and Road Transport and Highways, Shri Nitin Gadkari today assured the Retailers Association of India and Practicing Engineers, Architects and Town Planners Association (India) that their request for registering as MSMEs will be examined expeditiously. He felt that this need to be explored from the point of these bodies being employment creators and whether various benefits such as insurance, medical, pension, etc can be provided to workers.

He also called upon the retailers to start exploring the option of home delivery and maintaining social distancing, availability of sanitizers for customers/employees, and use of masks at all retail outlets.

The Minister was addressing meetings today via video conferencing with the representatives of Retailers Association of India and representatives of Practicing Engineers, Architects and Town Planners Association (India) on the impact of COVID-19 on their respective sectors. **During this interaction, the representatives expressed concerns regarding various challenges being faced by them amid COVID-19 pandemic along with few suggestions and requested support from the government to keep the sector afloat.**

He also called upon the Engineers, Architects, and Town planners to explore decongesting overcrowded cities and participate in the development of rural, tribal and backward regions especially along the Green Expressways like the new Delhi-Mumbai Expressway which is passing through such areas. He said various clusters and logistics parks will come upon this ambitious project offering huge opportunities.

Some of the major issues highlighted and the suggestions given included: registering retailers/restaurants/architectural firms as MSMEs, starting Malls with conditions of safety measures related to COVID-19, starting operations of e-Commerce companies for non-essential items, relief in rentals for retailers, the extension of moratorium to 9 months, reduction in the bank interest rate from 10% to 4-5%, adherence to

RBI guidelines by private banks, applying GST on receivables only, registration of builders as MSME who are already registered under RERA Act, etc.

Shri Gadkari called upon the industry that it is needed to be ensured by industries that necessary preventive measures are taken to prevent the spread of COVID-19. He emphasized on usage of PPE (masks, sanitizer, etc.) and advised to maintain social distancing norms during business operations.

He mentioned that all the stakeholders must adopt an integrated approach to come over the crisis while ensuring the lives and livelihood of the people. Shri Gadkari also urged the industry to have a positive attitude during this time to tide over this crisis.

The Union Minister emphasized that special focus towards export enhancement is the need of the hour and necessary practices shall be adopted to reduce power cost, logistics cost, and production cost to become competitive in the global market. Further, he mentioned that there is also a need to focus on import substitution to replace foreign imports with domestic production.

He further mentioned that work on Green Express Highway has already started, and this is an opportunity for the industry to make future investments in industrial clusters, logistics parks equipped with state-of-art technology. He opined that there is a need to expand the horizon of industrial clusters in areas other than metro cities and urged industries for participation.

The Minister recalled that the Government of Japan has offered special packages to its industries for taking out Japanese investments from China and move elsewhere. He opined that it is an opportunity for India that should be grabbed.

Shri Gadkari responded to the questions from representatives and assured all possible help from the government. He informed me that he would take up the issues with related departments. He emphasized that the industry should take a positive approach and tap the opportunities that will be created when the COVID-19 crisis gets over.

The Press Release can be accessed at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1622527>

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Ministry of MSME Launches CHAMPIONS Portal i.e. www.Champions.gov.in



In a major initiative Union Ministry of MSME has launched the CHAMPIONS portal www.Champions.gov.in, a Technology-driven Control Room-Cum-Management Information System. The system utilizing modern ICT tools is aimed at assisting Indian MSMEs march into the big league as National and Global CHAMPIONS. The CHAMPIONS stands here for the Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength. Accordingly, the name of the system is CHAMPIONS.

As the name suggests, the portal is basically for making the smaller units big by solving their grievances, encouraging, supporting, helping, and handholding. It is a real one-stop-shop solution of MSME Ministry. While taking over as Secretary MSME on 30th April evening, Mr. AK Sharma had indicated that an ICT based system would be set up to help the MSMEs in present difficult situations and also to handhold them to become national and international champions. Accordingly, a comprehensive system known as CHAMPIONS was trial launched on 9th May 2020.

It is a technology-packed control room-cum-management information system. In addition to ICT tools including telephone, internet, and video conference, the system is enabled by Artificial Intelligence, Data Analytics, and Machine Learning. It is also fully integrated on a real-time basis with GOI's main grievances portal CPGRAMS and MSME Ministry's own other web-based mechanisms. The entire ICT architecture is created in house with the help of NIC at no cost. Similarly, the physical infrastructure is created in one of the ministry's dumping rooms in record time.

As part of the system, a network of control rooms is created in a Hub & Spoke Model. The Hub is situated in New Delhi in the Secretary of MSME's office. The spokes will be in the States in various offices and institutions of Ministry. As of now, 66 state-level control rooms are created as part of the system. A detailed operating procedure has been issued, officers have been deployed and training has been conducted. On May 9th, Mr. Sharma did a trial launching of the champions system amidst his officers and staff. On this occasion, around 120 locations of the country were connected through video conference. While trial launching the system, Mr. Sharma said that it is meant for the MSME units and people depending on them. He also said that these units and people need our help badly. We will do everything to help, re-start, and rejuvenate them.

The Press Release can be accessed at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1623201>

Shri Nitin Gadkari emphasizes on Agro, Fishing and Forest MSMEs for manufacturing products using local raw material

Ministry of Micro, Small and Medium Enterprises,
Government of India

**Shri Nitin Gadkari emphasizes on Agro, Fishing and Forest MSMEs for manufacturing products using local raw material**

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Union Minister for MSMEs and Road Transport & Highways Shri Nitin Gadkari has welcomed the Prime Minister's relief package worth Rs 20 lakh crore announced this evening. He said, through this historical package, the Prime Minister has fulfilled the expectations and aspirations of the MSME, village and cottage industry sector.

Shri Gadkari said, with abundant resources, superior technology, and raw materials, India can soon become self-reliant in all sectors. He said the Prime Minister has also envisioned India as a super economic power in the global economy. The Minister said, taking the economic slowdown due to the COVID-19 pandemic as a blessing in disguise, we should strive to maintain positivity and self-confidence to take the country ahead.

The Minister said the nation will remember this gesture of the Prime Minister for a very long time. He said, PM's support to this sector which gives employment to over 11 crore people and contributes by nearly 29 percent of GDP, can never be forgotten by all the stakeholders of this sector. He expressed confidence that the MSME, village, and cottage industry sector will grow to new heights with the support of this package.

The Press Release can be accessed: <https://pib.gov.in/PressReleasePage.aspx?PRID=1623410>

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Relief Measures on MSMEs announced by FM vide Aatma Nirbhar Bharat Reforms

Hon'ble Prime Minister Shri Narendra Modi yesterday announced a Special economic and comprehensive package of Rs 20 lakh crores - equivalent to 10% of India's GDP. He gave a clarion call for आत्मनिर्भर भारत अभियान or Self-Reliant India Movement. He also outlined five pillars of Aatmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand.

During the press conference here today, Union Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman said in her opening remarks that Prime Minister Shri Narendra Modi had laid out a comprehensive vision in his address to the Nation yesterday. She further said that after spending considerable time, the Prime Minister has himself ensured that inputs obtained from widespread consultation form a part of the economic package in the fight against COVID-19.

“Essentially, the goal is to build a self-reliant India that is why the Economic Package is called Aatma Nirbhar Bharat Abhiyaan. Citing the pillars on which we seek to build **Aatma Nirbhar Bharat** Abhiyaan, Smt. Sitharaman said our focus would be on land, labour, liquidity and law.

The Finance Minister further said that the Government under the leadership of Prime Minister Shri Narendra Modi has been listening and is a responsive Government, hence it is fitting to recall some reforms which have been undertaken since 2014.

“Soon after Budget 2020 came COVID-19 and within hours of the announcement of Lockdown 1.0, Pradhan Mantri Garib Kalyan Yojna (PMGKY) was announced,” Smt. Sitharaman said. She further said that we are going to build on this package.

“Beginning today, for the next few days, I shall be coming here with the entire team of the Ministry of Finance to detail the Prime Minister’s vision for Aatma Nirbhar Bharat laid out by the Prime Minister yesterday,” Smt Sitharaman said.

Smt. Nirmala Sitharaman today announced measures focused on **Getting back to work** i.e., enabling employees and employers, businesses, especially Micro Small and Medium Enterprises, to get back to production and workers back to gainful employment. Efforts to strengthen Non-Banking Finance Institutions (NBFCs), Housing Finance Companies (HFCs), Micro Finance Sector and Power Sector were also unfolded. Other than this, the tax relief to business, relief from contractual commitments to contractors in public procurement, and compliance relief to the real estate sector was also covered.

Over the last five years, the Government has actively taken various measures for the industry and MSME. For the Real Estate sector, the Real Estate (Regulation and Development) Act [RERA] was enacted in 2016 to bring in more transparency into the industry. A special fund for affordable and middle-income housing was set up last year to help with the stress in this segment. To help MSMEs with the issue of delayed payment by any Government department or PSUs, Samadhaan Portal was launched in 2017. A Fund of Funds for startups was set up under SIDBI to boost entrepreneurship in the country and various other credit guarantee schemes to help the flow of credit to the MSMEs.

Following measures were announced today:-

1. Rs 3 lakh crore Emergency Working Capital Facility for Businesses, including MSMEs

To provide relief to the business, additional working capital finance of 20% of the outstanding credit as on 29 February 2020, in the form of a Term Loan at a concessional rate of interest will be provided. This will be available to units with upto Rs 25 crore outstanding and turnover of up to Rs 100 crore whose accounts are standard. The units will not have to provide any guarantee or collateral of their own. The amount will be 100% guaranteed by the Government of India providing a total liquidity of Rs. 3.0 lakh crores to more than 45 lakh MSMEs.

2. Rs 20,000 crore Subordinate Debt for Stressed MSMEs

Provision made for Rs. 20,000 cr subordinate debt for two lakh MSMEs which are NPA or are stressed. The government will support them with Rs. 4,000 Cr. to Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE). Banks are expected to provide the subordinate-debt to promoters of such MSMEs equal to 15% of his existing stake in the unit subject to a maximum of Rs 75 lakhs.

3. Rs 50,000 crores equity infusion through MSME Fund of Funds

Govt will set up a Fund of Funds with a corpus of Rs 10,000 crore that will provide equity funding support for MSMEs. The Fund of Funds shall be operated through a Mother and a few Daughter funds. It is expected that with leverage of 1:4 at the level of daughter funds, the Fund of Funds will be able to mobilize equity of about Rs 50,000 crores.

4. The new definition of MSME

The definition of MSME will be revised by raising the Investment limit. An additional criterion of turnover also being introduced. The distinction between the manufacturing and service sector will also be eliminated.

5. Other Measures for MSME

E-market linkage for MSMEs will be promoted to act as a replacement for trade fairs and exhibitions. MSME receivables from Government and CPSEs will be released in 45 days

6. No Global tenders for Government tenders of up to Rs 200 crores.

General Financial Rules (GFR) of the Government will be amended to disallow global tender inquiries in the procurement of Goods and Services of the value of less than Rs 200 crores

The Press Release can be accessed at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1623601>

PIB issued monthly performance of CPSEs capital expenditures and payments due to MSMEs Vendors



**PIB issued monthly
performance of CPSEs
capital expenditures
and payments due to
MSMEs Vendors**

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The Department of Expenditure, Ministry of Finance, has been monitoring, on a monthly basis, the performance of the 32 top Maharatna and Navratna Central Public Sector Enterprises (CPSEs) to review their capital expenditure and the dues to vendors with specific emphasis on MSME vendors since August 2019.

Clear directions have been given that the CPSEs must ensure that regular payments are cleared expeditiously as it spurs investment cycle. Special efforts must be made to clear dues of MSMEs and resolve cases on the SAMADHAN portal of Department of MSME. Secretary (Expenditure) wrote a letter in the last week of April 2020 to the Secretaries of the Ministers and Departments requesting them to monitor the due payments by the CPSEs.

Public procurement as a percentage of GDP in the country is estimated between 20% to 22%. The share of the gross turnover of CPSEs to the Gross Domestic Product (GDP) of India at current prices is around 15 to 16%. The Government wants the CPSEs to double their contribution to the Gross Domestic Product (GDP) and be the "third major source" of revenue for the Centre after direct and indirect taxes. CPSEs must make efforts to reduce the country's imports bill and expanding India's global strategic reach by 2022.

Responding to the instructions given by the Union Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman in her meeting with the top officials of the CPSEs in September 2019 and constant monitoring by Department of Expenditure, CPSEs have reduced their payment cycle considerably for the vendors in general and MSME vendors in particular.

Data collected from the CPSEs as on 31st March 2020 showed that they had pending bills from the MSMEs worth Rs. 775.76 crore as on 1st March 2020. Bills worth Rs. 2,730.46 crore were received during the month and a total of Rs. 2,813.39 crore were paid till 31st March 2020. For the month of April 2020, bills worth Rs. 1,598.27 crore were received and the CPSEs made payment of Rs. 1,785.78 crore leaving a balance of Rs. 512.34 crore. It has been stated that majority of the bills were received in the last week of April and under process for payment.

The Press Release can be accessed at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1624106>

Important Updates

CESTAT made amendment in Customs, Excise, and Service Tax (Procedure) Rules, 1982



CESTAT

Customs, Excise, Service Tax Appellate Tribunal

The CESTAT vide *Notification No. 01 of 2020 dated May 11, 2020*, amended the Customs, Excise, and Service Tax (Procedure) Rules, 1982 as follows with immediate effect. The following are the amendment made in the rules as under:-

1. Sub Rule (I) of Rule 8 is substituted as follows:

“(1) Every Memorandum of Appeal or Cross Objection shall set forth concisely and under distinct heads, the Statement of Facts and Grounds of Appeal or Grounds of Cross Objection, as the case may be, consecutively numbered and typed in double space of the paper. They shall also contain a valid mobile number and e-mail address of both the Appellant(s) and the Respondent(s).”

2. New Sub Rule 4 is added to Rule 8 as follows:

“(4) The vilification of every Memorandum of Appeal or Cross Objection or Miscellaneous Application filed on or after the date of publication of this Notification shall state that the soft copy of the Appeal Memorandum or the Cross Objection or the Application and Documents filed therewith are the true copies of the original.”

3. New Sub Rule 5 is added to Rule 9 as follows:

“(5) Every Memorandum or Appeal or Cross Objection and the documents filed along with such Appeal or Cross Objection shall be accompanied by its soft copy stored in two pen drives.”

4. New Sub Rule (8) is added to Rule 16 as follows:

“(8) The soft copies of the Paper Book shall also be stored in two pen drives and filed along with such Paper Book.”

5. New Sub Rule (8) is added to Rule 19 as follows:

“(3) Notwithstanding anything contained in Sub Rule (1) of this Rule, the President may, by a separate Notification, allow the hearing of Appeal or Cross Objection through appropriate video conferencing platform in the manner as may be notified”.

6. Sub Rule (5) of Rule 28A is substituted as follows:

“(5) Every application for the stay shall be accompanied by three copies of the relevant orders of the authorities of the department concerned, including the appellate orders, if any, against which the appeal is filed to the Tribunal by the Appellant and other (lieutenants, if any. The soft copies of the stay application, the relevant orders, and the documents shall also be stored in two pen drives and filed along with such application.”

The Notification can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/Notification-no1.-2020-CESTAT.pdf>

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Video of the Week

GSTR-3B can be revised and manually filed for corrections || CA (Adv) Bimal Jain



GSTR-3B can be revised and manually filed for corrections

CA (Adv) Bimal Jain

You can access the complete video on “GSTR-3B can be revised and manually filed for corrections || CA (Adv) Bimal Jain” at following link: <https://youtu.be/OfatHgZZJ4Y>

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Income Tax

Important Updates

CBDT issued revised TDS Rate Chart as applicable for F.Y. 2020-21 w.e.f May 14, 2020

TDS Rate Chart for the Financial Year 2020-21



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The CBDT vide *Press Release dated May 13, 2020*, issued a revised rate of Tax Deduction at Source ("TDS") for the following Non-Salaried specified payments made to residents has been reduced by 25% for the period from May 14, 2020, to March 31, 2021.

S. No.	Section of the Income-Tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
1.	193	Interest on Securities	10%	7.5%
2.	194	Dividend	10%	7.5%
3.	194A	Interest other than interest on securities	10%	7.5%
4.	194C	Payment of Contractors and sub-contractors	1% (individual/HUF) 2% (others)	0.75% (individual/ HUF 1.5% others)
5.	194D	Insurance Commission	5%	3.75%
6.	194DA	Payment in respect of life insurance policy	5%	3.75%

7.	194EE	Payments in respect of deposits under National Savings Scheme	10%	7.5%
8.	194F	Payments on account of repurchase of Units by Mutual Funds or UTI	20%	15%
9.	194G	Commission, prize etc., on sale of lottery tickets	5%	3.75%
10.	194H	Commission or brokerage	5%	3.75%
11.	194-I(a)	Rent for plant and machinery	2%	1.5%
12.	194-I(b)	Rent for immovable Property	10%	7.5%
13.	194-IA	Payment for acquisition of immovable Property	1%	0.75%
14.	194-IB	Payment of rent by individual or HUF	5%	3.75%
15.	194-IC	Payment for Joint Development Agreements	10%	7.5%
16.	194J	Fee for Professional or Technical Services (FTS), Royalty, etc.	2% (FTS, certain royalties, call centre) 10% others	1.5% (FTS, certain royalties, call centre) 7.5% others
17.	194K	Payment of dividend by Mutual Funds	10%	7.5%
18.	194LA	Payment of Compensation on acquisition of immovable Property	10%	7.5%
19.	194LBA(1)	Payment of income by Business trust	10%	7.5%
20.	194LBB(i)	Payment of income by Investment fund	10%	7.5%
21.	194LBC(1)	Income by securitisation trust	25% (Individual/HUF) and 30% (Others)	18.75% (Individual/ HUF) and 22.5% Others
22.	194M	Payment to commission, brokerage etc. by Individual and HUF	5%	3.75%
23.	194O	TDS on e-commerce participants	1% (w.e.f. 1.10.2020)	0.75%

2. Further, the rate of Tax Collection at Source (TCS) for the following specified receipts has also been reduced by 25% for the period from 14th May, 2020 to 31st March, 2021:-

S. No.	Section of the Income tax Act	Nature of Receipts	Existing Rate of TCS	Reduced rate from 14/05/2020 to 31/03/2021
1.	206C(1)	Sale of	Sale of	
		(a) Tendu Leaves	5%	3.75%
		(b) Timber obtained under a forest lease	2.5%	1.875%
		(c) timber obtained by any other mode	2.5%	1.875%
		(d) Any other forest produce not being timber/tendu leaves	2.5%	1.875%
		(e) scrap	1%	0.75%
		(f) Minerals, being coal or lignite or iron ore	1%	0.75%
2.	206C(1C)	Grant of license, lease, etc. of	2%	
		(a) Parking lot	2%	1.5%
		(b) Toll Plaza	2%	1.5%
3.		(c) Mining and quarrying	1%	1.5%
4.	206C(1F)	Sale of motor vehicle above 10 lakhs	0.1% (w.e.f 01.10.2020)	0.75%

2. Therefore, TDS on the amount paid or credited during the period from May 14, 2020, to March 31, 2021, shall be deducted at the reduced rates specified in the table in para 1 above. Similarly, the tax on the amount received or debited during the period from May 14, 2020, to March 31, 2021, shall be collected at the reduced rates specified in the table in para 2 above.

3. It is further stated that there shall be no reduction in rates of TDS or TCS, where the tax is required to be deducted or collected at higher rate due to non-furnishing of PAN/Aadhaar. For example, if the tax is required to be deducted at 20% under section 206AA of the Income-tax Act due to non-furnishing of PAN/Aadhaar, it shall be deducted at the rate of 20% and not at the rate of 15%.

4. Legislative amendments in this regard shall be proposed in due course.

The Press Release can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/Reduction-in-rate-of-Tax-Deductionat.pdf>

Income Tax India clarified a small typographical error in the table of TDS/TCS rates in the Press Release issued on May 13, 2020



Income Tax India ✓

@IncomeTaxIndia

There has been a small typographical error in the table pertaining to reduction in TDS/TCS rates in the Press Release issued on 13/05/2020. The new rate of TCS in column no. 4 w.r.t. sale of any other goods u/s 206C (1H), should be read as 0.075% instead of 0.75%.



Income Tax India ✓ @IncomeTaxIndia · 1d

To provide more funds at the disposal of taxpayers for dealing with the economic situation arising out of COVID-19 pandemic, rates of TDS have been reduced by 25% for following non-salaried specified payments. H...

As per, the recent tweet of Income Tax India, which states that there has been a small typographical error in the table pertaining to a reduction in TDS/TCS rates in the Press Release issued on 13/05/2020. The new rate of TCS in column no. 4 w.r.t. sale of any other goods u/s 206C (1H), should be read as 0.075% instead of 0.75%.

Source: <https://twitter.com/IncomeTaxIndia/status/1260966036234555392>

Important Press Release

Relief Measures on Direct Tax announced by FM vide Aatma Nirbhar Bharat Reforms



Hon'ble Prime Minister Shri Narendra Modi on May 12, 2020 announced a Special economic and comprehensive package of Rs 20 lakh crores - equivalent to 10% of India's GDP. He gave a clarion call for आत्मनिर्भर भारत अभियान or Self-Reliant India Movement. He also outlined five pillars of Aatmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography, and Demand.

During the press conference here today, Union Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman said in her opening remarks that Prime Minister Shri Narendra Modi had laid out a comprehensive vision in his address to the Nation yesterday. She further said that after spending considerable time, the Prime Minister has himself ensured that inputs obtained from widespread consultation form a part of an economic package in the fight against COVID-19.

“Essentially, the goal is to build a self-reliant India that is why the Economic Package is called Aatma Nirbhar Bharat Abhiyaan. Citing the pillars on which we seek to build **Aatma Nirbhar Bharat** Abhiyaan, Smt. Sitharaman said our focus would be on land, labour, liquidity, and law.

The Finance Minister further said that the Government under the leadership of Prime Minister Shri Narendra Modi has been listening and is a responsive Government, hence it is fitting to recall some reforms which have been undertaken since 2014.

“Soon after Budget 2020 came COVID-19 and within hours of the announcement of Lockdown 1.0, Pradhan Mantri Garib Kalyan Yojna (PMGKY) was announced,” Smt. Sitharaman said. She further said that we are going to build on this package.

“Beginning today, for the next few days, I shall be coming here with the entire team of the Ministry of Finance to detail the Prime Minister’s vision for Aatma Nirbhar Bharat laid out by the Prime Minister yesterday,” Smt Sitharaman said.

Smt. Nirmala Sitharaman today announced measures focused on **Getting back to work** i.e., enabling employees and employers, businesses, especially Micro Small and Medium Enterprises, to get back to production and workers back to gainful employment. Efforts to strengthen Non-Banking Finance Institutions (NBFCs), Housing Finance Companies (HFCs), Micro Finance Sector and Power Sector were also unfolded. Other than this, the tax relief to business, relief from contractual commitments to contractors in public procurement, and compliance relief to the real estate sector were also covered.

Over the last five years, the Government has actively taken various measures for the industry and MSME. For the Real Estate sector, the Real Estate (Regulation and Development) Act [RERA] was enacted in 2016 to bring in more transparency into the industry. A special fund for affordable and middle-income housing was set up last year to help with the stress in this segment. To help MSMEs with the issue of delayed payment by any Government department or PSUs, Samadhaan Portal was launched in 2017. A Fund of Funds for startups was set up under SIDBI to boost entrepreneurship in the country and various other credit guarantee schemes to help the flow of credit to the MSMEs.

Following measures were announced today:-

1. Tax Relief to Business

- The pending income tax refunds to charitable trusts and non-corporate businesses and professions including proprietorship, partnership, and LLPs and cooperatives shall be issued immediately.

2. Tax-related measures

- **Reduction in Rates of ‘Tax Deduction at Source’ and ‘Tax Collected at Source’**- The TDS rates for all non-salaried payment to residents, and tax collected at source rate will be reduced by 25 percent of the specified rates for the remaining period of FY 20-21. This will provide liquidity to the tune of Rs 50,000 Crore.
- The due date of all Income Tax Returns for Assessment Year 2020-21 will be extended to 30th November 2020. Similarly, tax audit due date will be extended to 31 October 2020.
- The date for making payment without additional amount under the “Vivad Se Vishwas” Scheme will be extended to 31st December 2020.

The Press Release can be accessed at: <https://pib.gov.in/PressReleasePage.aspx?PRID=1623601>

Self-Reliant India Movement (20 Lakh Crore-Package)

Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part-1) - May 13, 2020

आत्मनिर्भर भारत

Part -1 : Businesses including MSMEs

13.05.2020



Prime Minister's Vision

- Call for आत्मनिर्भर भारत अभियान or Self-Reliant India Movement
- Five pillars of Atmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand
- Special economic and comprehensive package of Rs 20 lakh crores - equivalent to 10% of India's GDP
- Package to cater to various sections including cottage industry, MSMEs, labourers, middle class, industries, among others.
- Bold reforms across sectors will drive the country's push towards self-reliance
- It is time to become vocal for our local products and make them global.

Pradhan Mantri Garib Kalyan Package (1)

Rs. 1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana for the poor to help them fight the battle against Corona Virus:

- Insurance cover of Rs 50 Lakh per health worker
- 80 crore poor people given benefit of 5 kg wheat or rice per person for next 3 months
- 1 kg pulses for each household for free every month for the next 3 months
- 20 crore women Jan Dhan account holders get Rs 500 per month for next 3 months
- Gas cylinders, free of cost, provided to 8 crore poor families for the next 3 months
- Increase in MNREGA wage to Rs 202 a day from Rs 182 to benefit 13.62 crore families

- Ex-gratia of Rs 1,000 to 3 crore poor senior citizen, poor widows and poor Divyang

Pradhan Mantri Garib Kalyan Package (2)

- Front-loaded Rs 2,000 paid to farmers under existing PM-KISAN to benefit 8.7 crore farmers
- Building and Construction Workers Welfare Fund allowed to be used to provide relief to workers
- 24% of monthly wages to be credited into their PF accounts for next three months for wage-earners below Rs 15,000 p.m. in businesses having less than 100 workers
- Five crore workers registered under Employee Provident Fund EPF to get non-refundable advance of 75% of the amount or three months of the wages, whichever is lower, from their accounts
- Limit of collateral free lending to be increased from Rs 10 to Rs 20 lakhs for Women Self Help Groups supporting 6.85 crore households.
- District Mineral Fund (DMF) to be used for supplementing and augmenting facilities of medical testing, screening etc.

Other Measures – 1

- On the request of the Government of India, RBI raised the Ways and Means advance limits of States by 60% and enhanced the Overdraft duration limits.
- Issued all the pending income-tax refunds up to ₹5 lakh, immediately benefiting around 14 lakh taxpayers
- Implemented “Special Refund and Drawback Disposal Drive” for all pending refund and drawback claims
- Both the above measures amount to ₹18,000 crore of refund.
- Sanctioned Rs 15,000 crores for Emergency Health Response Package

Other Measures – 2

- Provided Relaxation in Statutory and Compliance matters, such as –
- Extending last date for Income Tax Returns to June 30, 2020
- Extending filing GST returns to end of June 2020
- 24*7 custom clearance till 30th June, 2020
- Relaxation for 3 months for debit cardholders to withdraw cash free from any ATMs, etc
- Allowing payment before 15 May, 2020 for Motor Vehicle and Health Insurance Policies
- Mandatory Board meetings extended by 60 days till 30 September
- Allowing Extraordinary General Meetings through Video Conference with e-voting/simplified voting facility

Measures taken by Reserve Bank of India

- Reduction of Cash Reserve Ratio (CRR) has resulted in liquidity enhancement of ₹1,37,000 crores
- Targeted Long Term Repo Operations (TLTROs) of ₹1,00,050 crore for fresh deployment in investment grade corporate bonds, commercial paper, and non-convertible debentures.
- TLTRO of Rs.50,000 crore for investing them in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, and MFIs.
- Increased the banks’ limit for borrowing overnight under the marginal standing facility (MSF), allowing the banking system to avail an additional ₹1,37,000 crore of liquidity at the reduced MSF rate.

Measures taken by Reserve Bank of India

- Announced special refinance facilities to NABARD, SIDBI and the NHB for a total amount of ₹50,000 crore at the policy repo rate
- Announced the opening of a special liquidity facility (SLF) of ₹50,000 crore for mutual funds to alleviate intensified liquidity pressures.
- Moratorium of three months on payment of instalments and payment of Interest on Working Capital Facilities in respect of all Term Loans
- Easing of Working Capital Financing by reducing margins
- For loans by NBFCs to commercial real estate sector, additional time of one year has been given for extension of the date for commencement for commercial operations (DCCO)

Businesses including MSMEs

- Rs 3 lakh crores Collateral free Automatic Loans for Business, incl MSME
- Rs 20,000 crore Subordinate Debt for MSMEs
- Rs 50,000 cr equity infusion through MSME Fund of Funds
- New definition of MSMEs
- Global tender to be disallowed upto Rs 200 crores
- Other interventions for MSMEs
- Rs 2500 crores EPF support for Businesses and Workers for 3 more months
- EPF contribution reduced for Business & Workers for 3 months- Rs 6750 crores
- Rs 30,000 crores Liquidity Facility for NBFC/HCs/MFIs
- Rs 45,000 cr Partial Credit Guarantee Scheme 2.0 for NBFC
- Rs 90,000 cr Liquidity Injection for DISCOMs
- Relief to contractors
- Extension of Registration and Completion Date of Real Estate Projects under RERA
- Rs 50,000 cr liquidity through TDS/TCS reductions
- Other Direct tax Measures 16. Other Direct Tax Measures

Rs 3 lakh crores Collateral-free Automatic Loans for Businesses, including MSMEs

- Businesses/MSMEs have been badly hit due to COVID19 need additional funding to meet operational liabilities built up, buy raw material and restart business
- Decision: Emergency Credit Line to Businesses/MSMEs from Banks and NBFCs up to 20% of entire outstanding credit as on 29.2.2020
- Borrowers with up to Rs. 25 crore outstanding and Rs. 100 crore turnover eligible
- Loans to have 4 year tenor with moratorium of 12 months on Principal repayment
- Interest to be capped
- 100% credit guarantee cover to Banks and NBFCs on principal and interest
- Scheme can be availed till 31st Oct 2020
- No guarantee fee, no fresh collateral
- 45 lakh units can resume business activity and safeguard jobs.

Rs 20,000 crores Subordinate Debt for Stressed MSMEs

- Stressed MSMEs need equity support
- GoI will facilitate provision of Rs. 20,000 cr as subordinate debt
- Two lakh MSMEs are likely to benefit

- Functioning MSMEs which are NPA or are stressed will be eligible
- will provide a support of Rs. 4,000 Cr. to CGTMSE
- CGTMSE will provide partial Credit Guarantee support to Banks
- Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.

Rs 50,000 cr. Equity infusion for MSMEs through Fund of Funds

- MSMEs face severe shortage of Equity.
- Fund of Funds with Corpus of Rs 10,000 crores will be set up.
- Will provide equity funding for MSMEs with growth potential and viability.
- FoF will be operated through a Mother Fund and few daughter funds
- Fund structure will help leverage Rs 50,000 cr of funds at daughter funds level
- Will help to expand MSME size as well as capacity.
- Will encourage MSMEs to get listed on main board of Stock Exchanges.

New Definition of MSMEs

- Low threshold in MSME definition have created a fear among MSMEs of graduating out of the benefits and hence killing the urge to grow.
- There has been a long-pending demand for revisions.

Announcement:

- Definition of MSMEs will be revised
- Investment limit will be revised upwards
- Additional criteria of turnover also being introduced.
- Distinction between manufacturing and service sector to be eliminated.
- Necessary amendments to law will be brought about.

Existing and Revised Definition of MSMEs

Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment<Rs. 25 lac	Investment<Rs. 5 cr.	Investment<Rs. 10 cr.
Services Enterprise	Investment<Rs. 10 lac	Investment<Rs. 2 cr.	Investment<Rs. 5 cr.

Revised MSME Classification			
Composite Criteria: Investment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment< Rs. 1 cr. and Turnover < Rs.5 cr.	Investment< Rs. 10 cr. and Turnover < Rs.50 cr.	Investment< Rs. 20 cr. and Turnover < Rs.100 cr.

Global tenders to be disallowed upto Rs 200 crores

- Indian MSMEs and other companies have often faced unfair competition from foreign companies.

- Therefore, Global tenders will be disallowed in Government procurement tenders upto Rs 200 crores
- Necessary amendments of General Financial Rules will be effected.
- This will be a step towards Self-Reliant India (आत्मनिर्भर भारत) and support Make in India
- This will also help MSMEs to increase their business.

Other interventions for MSMEs

- MSMEs currently face problems of marketing and liquidity due to COVID.
- e-market linkage for MSMEs to be promoted to act as a replacement for trade fairs and exhibitions.
- Fintech will be used to enhance transaction based lending using the data generated by the e-marketplace.
- Government has been continuously monitoring settlement of dues to MSME vendors from Government and Central Public Sector Undertakings.
- MSME receivables from Gov and CPSEs to be released in 45 days

Rs. 2500 crore EPF Support for Business & Workers for 3 more months

- Businesses continue to face financial stress as they get back to work.
- Under Pradhan Mantri Garib Kalyan Package (PMGKP), payment of 12% of employer and 12% employee contributions was made into EPF accounts of eligible establishments.
- This was provided earlier for salary months of March, April and May 2020
- This support will be extended by another 3 months to salary months of June, July and August 2020
- This will provide liquidity relief of Rs 2500 cr to 3.67 lakh establishments and for 72.22 lakh employees.

Rs. 2500 crore EPF Support for Business & Workers for 3 more months EPF contribution reduced for Business & Workers for 3 months- Rs 6750 crores Liquidity Support

- Businesses need support to ramp up production over the next quarter.
- It is necessary to provide more take home salary to employees and also to give relief to employers in payment of Provident Fund dues,
- Therefore, statutory PF contribution of both employer and employee will be reduced to 10% each from existing 12% each for all establishments covered by EPFO for next 3 months.
- CPSEs and State PSUs will however continue to contribute 12% as employer contribution.
- This scheme will be applicable for workers who are not eligible for 24% EPF support under PM Garib Kalyan Package and its extension.
- This will provide relief to about 6.5 lakh establishments covered under EPFO and about 4.3 crore such employees.
- This will provide liquidity of Rs 6750 Crore to employers and employees over 3 months.

Rs 30,000 crore Special Liquidity Scheme for NBFCs/HFCs/MFIs

- NBFCs/HFCs/MFIs are finding it difficult to raise money in debt markets.
- Government will launch a Rs 30,000 crore Special Liquidity Scheme
- Under this scheme investment will be made in both primary and secondary market transactions in investment grade debt paper of NBFCs/HFCs/MFIs
- Will supplement RBI/Government measures to augment liquidity
- Securities will be fully guaranteed by GoI

- This will provide liquidity support for NBFCs/HFC/MFIs and mutual funds and create confidence in the market. Rs 30,000 crore Special Liquidity Scheme for NBFCs/HFCs/MFIs

Rs 45,000 crore Partial Credit Guarantee Scheme 2.0 for NBFCs

- NBFCs, HFCs and MFIs with low credit rating require liquidity to do fresh lending to MSMEs and individuals
- Existing PCGS scheme to be extended to cover borrowings such as primary issuance of Bonds/ CPs (liability side of balance sheets) of such entities
- First 20% of loss will be borne by the Guarantor ie., Government of India.
- AA paper and below including unrated paper eligible for investment (esp. relevant for many MFIs)
- This scheme will result in liquidity of Rs 45,000 crores

Rs. 90,000 Cr. Liquidity Injection for DISCOMs

- Revenues of Power Distribution Companies (DISCOMs) have plummeted.
- Unprecedented cash flow problem accentuated by demand reduction
- DISCOM payables to Power Generation and Transmission Companies is currently ~ Rs 94,000 cr
- PFC/REC to infuse liquidity of Rs 90,000 cr to DISCOMs against receivables
- Loans to be given against State guarantees for exclusive purpose of discharging liabilities of Discoms to Gencos.
- Linkage to specific activities/reforms: Digital payments facility by Discoms for consumers, liquidation of outstanding dues of State Governments, Plan to reduce financial and operational losses.
- Central Public Sector Generation Companies shall give rebate to Discoms which shall be passed on to the final consumers (industries)

Relief to Contractors

- Extension of up to 6 months (without costs to contractor) to be provided by all Central Agencies (like Railways, Ministry of Road Transport & Highways, Central Public Works Dept, etc)
- Covers construction/ works and goods and services contracts
- Covers obligations like completion of work, intermediate milestones etc. and extension of Concession period in PPP contracts
- Government agencies to partially release bank guarantees, to the extent contracts are partially completed, to ease cash flows

Extension of Registration and Completion Date of Real Estate Projects under RERA

- Adverse impact due to COVID and projects stand the risk of defaulting on RERA timelines. Time lines need to be extended.
- Ministry of Housing and Urban Affairs will advise States/UTs and their Regulatory Authorities to the following effect:
- Treat COVID-19 as an event of 'Force Majeure' under RERA.
- Extend the registration and completion date suo-moto by 6 months for all registered projects expiring on or after 25th March, 2020 without individual applications.
- Regulatory Authorities may extend this for another period of upto 3 months, if needed
- Issue fresh 'Project Registration Certificates' automatically with revised timelines.
- Extend timelines for various statutory compliances under RERA concurrently.

- These measures will de-stress real estate developers and ensure completion of projects so that homebuyers are able to get delivery of their booked houses with new timelines.

Rs 50,000 crores liquidity through TDS/TCS rate reduction

- In order to provide more funds at the disposal of the taxpayers, the rates of Tax Deduction at Source (TDS) for non-salaried specified payments made to residents and rates of Tax Collection at Source (TCS) for the specified receipts shall be reduced by 25% of the existing rates.
- Payment for contract, professional fees, interest, rent, dividend, commission, brokerage, etc. shall be eligible for this reduced rate of TDS.
- This reduction shall be applicable for the remaining part of the FY 2020-21 i.e. from tomorrow to 31st March, 2021.
- This measure will release Liquidity of Rs. 50,000 crore.

Other Direct Tax Measures

- All pending refunds to charitable trusts and noncorporate businesses & professions including proprietorship, partnership, LLP and Co-operatives shall be issued immediately.
- Due date of all income-tax return for FY 2019-20 will be extended from 31st July, 2020 & 31st October, 2020 to 30th November, 2020 and Tax audit from 30th September, 2020 to 31st October, 2020.

Other Direct Tax Measures

- Date of assessments getting barred on 30th September, 2020 extended to 31st December, 2020 and those getting barred on 31st March, 2021 will be extended to 30th September, 2021.
- Period of Vivad se Vishwas Scheme for making payment without additional amount will be extended to 31st December, 2020.

The Complete Presentation can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/MSMEs-13-05-2020.pdf>

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Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part 2) - May 14, 2020



आत्मनिर्भर भारत

Part-2 : Poor, including migrants and farmers

14.05.2020

**Direct Support to Farmers & Rural Economy provided post COVID**

- **3 crore farmers** with agricultural loans of Rs. 4.22 lakhs crore **availed the benefit of 3 months loan moratorium.**
- **Interest Subvention and Prompt Repayment Incentive** on crop loans, due from 1st March, **extended up to 31st May, 2020**
- **25 lakh new Kisan Credit Cards** sanctioned with a **loan limit of Rs. 25,000cr.**

Liquidity Support to Farmers & Rural Economy provided post COVID

63 lakh loans of 86,600 crore approved in Agriculture between 1.3.2020 to 30.04.2020.

- Refinancing of **29,500 crore** provided by NABARD, to Cooperative Banks & Regional Rural Banks in March, 2020.
- Support of **4,200 crore** provided under **Rural Infrastructure Development Fund to States** during March, 2020 for rural infrastructure
- Working capital limit of **6,700 crore** sanctioned for procurement of agriculture produce **to State Government entities** since March, 2020

Support for Migrants and Urban Poor during last 2 months

Government of India has **permitted State Governments to utilise State Disaster Response Fund (SDRF)** for setting up **shelter for migrants and providing them food and water etc.**

Central Government also released Rs 11002 crore of its contribution in advance to all States on 3rd April, to augment funds in their SDRF.

- Hygienically prepared **three meals a day provided for the residents of Shelters for Urban Homeless (SUH)** during the lockdown w.e.f. March 28, 2020.
- 12,000 SHGs have produced **3 crore masks and 1.20 lakh litres of sanitizers**. This gave additional employment opportunity to the urban poor.
- Disbursal of Revolving Fund (RF) to Self Help Groups was on-boarded on **PAiSA Portal** in April 2020 on a pilot basis in Gujarat and is now being rolled out across all the States in May 2020.
- **7,200 new Self Help Groups of urban poor have been formed** during the period starting 15th March, 2020.

MGNREGS support to returning Migrants

- 62 crore person-days of work generated till 13th May 2020
- **Actual Expenditure till date is around Rs. 10,000 Cr**
- **Work offered to 2.33 Crore wage seekers yesterday in 1.87 Lac Gram Panchayats**
- **40-50% more persons enrolled, compared to May last year**
- **Average wage rate rose to Rs. 202 from Rs. 182 in last FY**
- **Drive being undertaken to enroll returning migrants**
- States/UTs advised to provide works to migrant workers as per the provisions of the Act
- Planning for continuing MNREGA works in Monsoon as well: plantations, horticulture, livestock related sheds

Labour Codes - Benefits for Workers

- Universalization of right of minimum wages and timely payment of wages to all workers including unorganized workers – presently minimum wages applicable to only 30% of workers.
- Statutory concept of National Floor Wage introduced: will reduce regional disparity in minimum wages.
- Fixation of minimum wages simplified, leading to less number of rates of minimum wages and better compliance.
- Appointment letter for all workers- this will promote formalization.
- Annual Health Check-up for employees.
- Occupational Safety & Health (OSH) Code also applicable to establishments engaged in work of hazardous nature even with threshold of less than 10 workers.

Labour Codes - Benefits for Workers

- Definition of inter-state migrant worker modified to include migrant workers employed directly by the employer, workers directly coming to destination State of their own besides the migrant workers employed through a contractor.
- **Portability of welfare benefits** for migrant workers.
- **Extension of ESIC coverage pan-India to all districts** and all establishments employing 10 or more employees as against those in notified districts/areas only.
- Extension of ESIC coverage to employees working in establishments with less than 10 employees on voluntary basis.
- Mandatory ESIC coverage through notification by the Central Government for employees in hazardous industries with less than 10 employees.

Labour Codes - Benefits for Workers

- Social Security Scheme for Gig workers and Platform workers.
- Re-skilling fund introduced for retrenched employees.
- All occupations opened for women and permitted to work at night with safeguards.
- Provision for Social Security Fund for unorganised workers.
- Gratuity for Fixed Term Employment - Provision of gratuity on completion of one year service as against 5 years.

Measures announced Yesterday

A number of measures were announced yesterday for Businesses in general and MSMEs in particular. The measures which will help all businesses are listed again for your understanding:

- **Rs 3 lakh crore Emergency Working Capital Facility** for Businesses, **including MSMEs**
- No Global tenders for Government tenders of upto Rs 200 crore
- Extending EPF Support for business and organised workers for another 3 months for salary months of June, July and August 2020 - **will provide liquidity for workers in MSME and other Businesses**
- EPF Contribution reduced for Employers and Employees for 3 months to 10% from 12% for all establishments for next 3 months for workers not covered by Govt support under PMGKP and its extension – will also help middle class employees - **will provide liquidity for workers in MSME and other Businesses**
- Relief to Contractors given by extension of up to six months for completion of contractual obligations, including in respect of EPC and concession agreements
- Tax relief to business as pending income tax refunds to charitable trusts and non-corporate businesses and professions to be issued immediately
- Reduction in Rates of 'Tax Deduction at Source' and 'Tax Collected at Source' by 25% for the remaining period of FY 20-21 and Due Dates for various tax related compliances extended - **will benefit all businesses**

Poor, including Migrants and Farmers Free Food Grain Supply to Migrants for 2 months

- Migrants in various states require food-grain assistance
- Migrants who are **neither NFSA or State Card beneficiaries in the state they are stationed** will be provided **5 kg of grains per person and 1 kg Chana per family per month for two months**
- About **8 crores migrants** are expected to benefit.
- **3500 Crore** will be spent on this intervention for 2 months
- **Cost will be fully borne by Government of India**
- State Governments responsible for implementation, identification of migrants and full distribution and providing detailed guidelines.

Technology Systems to be used enabling Migrants to access Public Distribution System (Ration) from any Fair Price Shop in India by March 2021 - One Nation One Ration Card

- Migrant families are not able to access food in other states.
- This scheme will enable a migrant beneficiary to access Public Distribution System from any Fair Price Shop in the country (Intra-State portability introduced in 20 States)
- Part of the **PM's Technology Driven System Reforms**
- **67 crore beneficiaries in 23 states covering 83% of PDS population will be covered by national portability by August, 2020**

- **100% National portability will be achieved by March, 2021**
- **All the States/UTs will complete full FPS automation by March, 2021**

Rs. 1500 crores Interest Subvention for MUDRA-Shishu Loans

- Small businesses under MUDRA have been disrupted the most & has also impacted their capacity to pay EMIs.
- Loan moratorium has already been granted by RBI
- **The current portfolio of MUDRA-Shishu loans is ~ Rs 1.62 Lakh crore (Maximum loan amount of 50,000 Rs).**
- Government of India will provide **Interest subvention of 2% for prompt payees** for a period of **12**
- **Relief of Rs 1500 cr to MUDRA-Shishu loanees**

Rs 5000 cr Special Credit Facility for Street Vendors

- Adverse impact on the livelihoods of the street vendors due to COVID-19
- Government will launch a special scheme **within a month** to facilitate easy access to credit to street vendors.
- Initial **working capital up to Rs. 10,000.**
- Digital payments will be incentivized through monetary rewards and enhanced working capital credit would be made available for good repayment behavior.
- Will support nearly **50 lakh street vendors**
- Will provide **liquidity of Rs 5000 crores**

Affordable Rental Housing Complexes (ARHC) for Migrant Workers / Urban Poor

Migrant labour/urban poor face challenges in getting houses at affordable rent. Government will launch **a scheme under PMAY for migrant labour/urban poor** to provide ease of living at affordable rent by,

1. **Converting government funded housing in the cities into Affordable Rental Housing Complexes (ARHC)** under PPP mode through concessionaire;
2. **Incentivizing manufacturing units, industries, institutions, associations** to develop Affordable Rental Housing Complexes (ARHC) on their private land and operate; and
3. **Incentivizing State Government Agencies / Central Government Organizations** on the similar lines to **develop Affordable Rental Housing Complexes (ARHC)** and operate. Ministry will issue detailed guidelines.

Rs 6000 crore employment push using CAMPA funds

- There is need to create job opportunities for our citizens
- Compensatory Afforestation Management & Planning Authority (CAMPA) set up under *Compensatory Afforestation Fund Act, 2016*
- Plans worth **Rs 6000 crores** will be approved shortly.
- Funds to be used by State Governments for-
- **Afforestation and plantation works**, including in urban areas
- Artificial regeneration, assisted natural regeneration
- Forest management, soil & moisture conservation works
- Forest protection, forest and wildlife related infrastructure development, wildlife protection and management etc.
- Will create **job opportunities in urban, semi-urban and rural areas.**

- Will create job opportunities for Tribals /Adivasis

Rs 30,000 crores Additional Emergency Working Capital Funding for farmers through NABARD

- Inadequate financial resources with Small and Marginal Farmers
- RRBs and Rural Cooperative banks are main source for credit
- **NABARD will extend additional refinance support of Rs. 30,000 crore for crop loan requirement of Rural Co-op Banks & RRBs.**
- This is **over and above Rs 90,000 crore** to be provided by NABARD through the **normal refinance route** during this year
- **Front-loaded on-tap facility** to 33 State Co-operative banks, 351 District Co-operative banks and 43 RRBs available on tap based on their lending.
- To **benefit around 3 crore farmers** - mostly small and marginal farmers.
- To meet **post harvest (Rabi) & current Kharif** requirement in May/June

Rs 2 lakh crore Concessional credit boost to 2.5 crore farmers through Kisan Credit Cards

- **Special drive** to be undertaken to provide concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards
- **Fishermen and Animal Husbandry farmers** will also be included in this drive.
- This will enable such farmers to gain access to institutional credit at concessional interest rate
- **5 crore farmers** will be covered and will benefit from credit flow of about **Rs 2 lakh crores**

Rs 70,000 crore boost to housing sector and middle income group through extension of CLSS

- Credit Linked Subsidy Scheme for Middle Income Group (Annual Income: Rs 6–18 lakhs) was operationalized from May 2017.
- CLSS was extended up to 31st March 2020
- Scheme has benefitted 3.3 lakh middle class families so far.
- **Government will extend the CLSS Scheme up to March 2021.**
- **5 lakhs middle income families** will benefit during 2020-21
- Will lead to Investment of over **70,000 Crores** in housing
- Will **create jobs**
- Will stimulate demand for steel, cement, transport and other construction materials.

The Presentation can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/आत्मनिर्भर-भारत-Part-2.pdf>

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Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part 3) - May 15, 2020

आत्मनिर्भर भारत

Part-3: Agriculture

15.05.2020

Yesterday's announcements related to farmers

- **Rs 30,000 crore Additional Emergency Working Capital for farmers through NABARD**
- NABARD will extend additional re-finance support of **Rs 30,000 crore** over and above the Rs 90,000 already being provided by NABARD for meeting crop loan requirement of **Rural Cooperative Banks and RRBs**.
- Will benefit **3 crore farmers**, mostly small and marginal.
- **Rs 2 lakh crore credit boost to 2.5 crore farmers under Kisan Credit Card Scheme**
- A special drive to provide concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards.
- Fisherman and Animal Husbandry Farmers will also be included in this drive.
- Will inject **additional liquidity of Rs 2 lakh crore to 2.5 crore farmers**

Agriculture: Additional Steps during COVID

- A number of measures supporting farmers was explained yesterday.
- Additional measures taken during last 2 months are below
- During lockdown period **Minimum Support Price (MSP) purchases** of amount more than **Rs 74,300 crores**
- **PM KISAN fund Transfer of Rs 18,700 crores**
- PM Fasal Bima Yojana claim payment of **Rs 6,400 crores**

Animal Husbandry: Additional Steps during COVID

- During Lockdown, Demand of Milk reduced by 20-25%.
- 560 Lakh litre per day (LLPD) procured by cooperatives against daily sale of 360 LLPD.
- Total 111 Crore litre extra procured ensuring payment of Rs 4100 Cr.
- A new scheme to provide **interest subvention @2% per annum** to dairy cooperatives for 20-21.
- Additional 2% p.a. interest subvention on prompt payment/interest servicing.

- This scheme will **unlock 5000 Cr additional liquidity, benefitting 2 Cr farmers.**

Fisheries: Additional Steps during COVID

- **All 4 COVID related announcements for fisheries implemented**
- Validity of Sanitary Import Permits (SIPs) for import of Shrimp Broodstock extended by 3 months
- Condoned delay up to 1 month in arrival of Brood stock consignments
- Allowed rebooking of Quarantine cubicles for cancelled consignments with no additional charges
- Verification of documents and grant of NOC for Quarantine relaxed from 7 days to 3 days
- **Registration of 242 Registered Shrimp hatcheries and Nauplii Rearing Hatcheries** expiring on 31.03.2020 **extended for 3 months**
- **Operations of Marine Capture Fisheries and Aquaculture relaxed to cover Inland Fisheries**

Measures to strengthen Infrastructure Logistics and Capacity Building

Rs 1 lakh crore Agri Infrastructure Fund for farm-gate infrastructure for farmers

- Lack of adequate cold chain & Post Harvest Management infrastructure in the vicinity of farm-gate causing gaps in value chains.
- Focus has been on short term crop loans while investment in long term agriculture infrastructure has often not been enough.
- **Financing facility of Rs. 1,00,000 crore** will be provided for funding Agriculture Infrastructure Projects at farm-gate & aggregation points (Primary Agricultural Cooperative Societies, Farmers Producer Organisations, Agriculture entrepreneurs, Startups, etc.)
- Impetus for development of farm-gate & aggregation point, affordable and financially viable Post Harvest Management infrastructure
- Fund will be created immediately.

Rs 10,000 crores scheme for Formalisation of Micro Food Enterprises (MFE)

- Scheme promotes vision of Hon. PM: ***'Vocal for Local with Global outreach'***
- Unorganised MFEs units *need* technical upgradation to attain FSSAI food standards, build brands and marketing
- A Scheme will be launched to **help 2 lakh MFEs attain above goals**
- Existing micro food enterprises, Farmer Producer Organisations, Self Help Groups and Cooperatives to be supported
- **Cluster based approach** (e.g. Mango in UP, Kesar in J&K, Bamboo shoots in North-East, Chilli in Andhra Pradesh, Tapioca in Tamil Nadu etc.)
- **Expected outcomes:** Improved health and safety standards, integration with retail markets, improved incomes
- Will also help in reaching untapped export markets in view of improved health consciousness.

Rs 20,000 crores for Fishermen through Pradhan Mantri Matsya Sampada Yojana PMMSY)

- **Critical gaps** in fisheries value chain
- **Government will launch the PMMSY for integrated, sustainable, inclusive development of marine and inland fisheries.**
- **Rs 11,000 Cr for activities** in Marine, Inland fisheries and Aquaculture

- **9000 Cr for Infrastructure** - Fishing Harbours, Cold chain, Markets etc.
- Cage Culture, Seaweed farming, Ornamental Fisheries as well as New Fishing Vessels, Traceability, Laboratory Network etc. will be key activities.
- Provisions of Ban Period Support to fishermen (during the period fishing is not permitted), Personal & Boat Insurance
- Will lead to **Additional Fish Production of 70 lakh tonnes over 5 years.**
- **Employment to over 55 lakh persons; double exports** to Rs 1,00,000 Cr.
- **Focus** on Islands, Himalayan States, North-east and Aspirational Districts.

National Animal Disease Control Programme

- National Animal Disease Control Programme for Foot and Mouth Disease (FMD) and Brucellosis launched with total outlay of **13,343 crores.**
- It ensures **100% vaccination** of cattle, buffalo, sheep, goat and pig population (total **53 crore animals**) for Foot and Mouth Disease (FMD) and for brucellosis.
- Till date, **5 crore cows & buffaloes tagged and vaccinated.**

Animal Husbandry Infrastructure Development Fund - Rs. 15,000 crore

- Many areas in country with high milk production having great potential for private investment in Dairy
- Aim to support private investment in Dairy Processing, value addition and cattle feed infrastructure
- **An Animal Husbandry Infrastructure Development Fund of Rs. 15,000 crore will be set up.**
- Incentives to be given for establishing plants for export of niche products.

Promotion of Herbal Cultivation: Rs. 4000 crore

- **National Medicinal Plants Board (NMPB)** has supported 2.25 lac hectare area under cultivation of medicinal plants
- **10,00,000 hectare will be covered under Herbal cultivation in next two years with outlay of Rs. 4000 crore**
- Will lead to Rs. 5,000 crores income generation for farmers
- Network of regional Mandis for Medicinal Plants.
- **NMPB will bring 800 hectare area by developing a corridor of medicinal plants along the banks of Ganga.**

Beekeeping initiatives –Rs 500 crores

- Beekeeping is a livelihood supporting activity for rural areas;
- **Increases yield & quality of crops** through pollination;
- Provides honey and other beehive products like wax. **Government will implement a scheme for:**
- Infrastructure development related to Integrated Beekeeping Development Centres, Collection, Marketing and Storage Centres, Post Harvest & value Addition facilities etc.;
- Implementation of standards & Developing traceability system
- Capacity building with thrust on women;
- Development of quality nucleus stock and bee breeders.

This will lead to increase in income for 2 lakh beekeepers and quality honey to consumers.

From 'TOP' to TOTAL - Rs 500 crores

- Supply chains have been disrupted and farmers are not being able to sell their produce in the markets
- Distress sale and reduction of price of perishable fruits and vegetables at the farm level needs to be prevented.
- **Operation Green** will be extended from Tomatoes, Onion and Potatoes (TOP) **to ALL fruits and vegetables (TOTAL).**
- **Scheme features will be as follows:**
 - 50% subsidy on transportation from surplus to deficient markets.
 - 50% subsidy on storage, including cold storages.
 - **Pilot for 6 months** – Will be expanded and extended
- **Expected outcomes:** Better price realisation to farmers, reduced wastages, affordability of products for consumers

Governance and Administrative

Reforms Amendments to Essential Commodities Act to enable better price realisation for farmers

- EC Act, 1955 was enacted in days of scarcity.
- Need to enable better price realisation for farmers by attracting investments and making agriculture sector competitive
- Agriculture food stuffs including **cereals, edible oils, oilseeds, pulses, onions and potato to be deregulated.**
- Stock limit to be imposed under very exceptional circumstances like national calamities, famine with surge in prices.
- No such stock limit shall apply to processors or value chain participant, subject to their installed capacity or to any exporter subject to the export demand.
- **Government will amend Essential Commodities Act.**

Agriculture Marketing Reforms to provide marketing choices to farmers

- Farmers bound to sell agriculture produce only to Licensees in APMCs
- Such restriction of sale is not there for any industrial produce
- Results in Hindrances in free flow of Agricultural Produce and Fragmentation of Markets and Supply Chain;
- Less price realization for farmers.

A Central law will be formulated to provide -

- Adequate choices to farmer to sell produce at attractive price;
- Barrier free Inter-State Trade;
- Framework for e-trading of agriculture produce.

Agriculture Produce Price and Quality Assurance

- Farmers lack an enforceable standard mechanism for predictable prices of crops at the time of sowing.
- Private sector investment in provision of inputs and knowhow in the agriculture sector hindered
- **Facilitative legal framework** will be created to enable farmers for engaging with processors, aggregators, large retailers, exporters etc. in a fair and transparent manner.
- **Risk mitigation** for farmers, **assured returns** and **quality standardisation** shall form integral part of the framework.

The Presentation can be accessed at: http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/5_6192983927594942734.pdf

Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part-4) - May 16, 2020



आत्मनिर्भर भारत

Part-4: New Horizons of Growth

16.05.2020



Policy Reforms to fast-track Investment – Effort towards Atmanirbhar Bharat

- **Fast track Investment Clearance through Empowered Group of Secretaries (EGoS).**
- **Project Development Cell** in each Ministry to prepare investible projects, coordinate with investors and Central/ State Governments
- **Ranking of States on Investment Attractiveness to compete for new investments**
- Incentive schemes for **Promotion of New Champion Sectors will be** launched in sectors such as Solar PV manufacturing; Advanced cell battery storage; etc.

Upgradation of Industrial Infrastructure

- **Scheme will be implemented in States through Challenge mode for Industrial Cluster Upgradation** of common infrastructure facilities and connectivity.
- **Availability of Industrial Land/ Land Bank for promoting new investments and making information available on Industrial Information System (IIS) with GIS mapping.**
- 3376 industrial parks/estates/SEZs in 5 lakh hectares mapped on **Industrial Information System (IIS)**
- **All industrial parks will be ranked in 2020-21**

New Horizons of Growth

Policy Reforms – Introduction of Commercial Mining in Coal Sector

- Need to reduce import of substitutable coal and increase **Self-reliance in coal production**.
- Government will **introduce competition, transparency and private sector participation** in the Coal Sector through:
 - **Revenue sharing mechanism instead of regime of fixed Rupee/tonne**
 - Earlier, only captive consumers with end-use ownership could bid.
 - Now, any party can bid for a coal block and sell in the open market.
 - **Entry norms will be liberalized**
 - **Nearly 50 blocks to be offered immediately.**
 - No eligibility conditions, only upfront payment with a ceiling.

Policy Reforms – Introduction of Commercial Mining in Coal Sector

- **Exploration-cum-production regime for partially explored blocks**
- Against earlier provision of auction of fully explored coal blocks, ***now even partially explored blocks to be auctioned.***
- Will allow private sector participation in exploration.
- **Production earlier than scheduled will be incentivized through rebate in revenue-share**

Policy Reforms – Diversified Opportunities in Coal Sector - Investment of Rs 50,000 crores.

- **Coal Gasification / Liquefaction will be incentivized through rebate in revenue share.**
- Will result in significantly lower environment impact
- Will assist India in switching to a gas-based economy
- **Infrastructure development of Rs. 50,000 crores**
- For evacuation of enhanced CIL's target of 1 billion tons coal production by 2023-24 plus coal production from private blocks.
- Includes Rs 18,000 cr worth of investment in mechanized transfer of coal (conveyor belts) from mines to railway sidings.
- This measure will also help reduce environmental impact

Policy Reforms – Liberalised Regime in Coal Sector

- **Coal Bed Methane (CBM) extraction** rights to be auctioned from Coal India Limited's (CIL) coal mines.
- **Ease of doing business** measures, such as Mining Plan simplification, will be taken.
- Mining Plan has been shortened, made amenable for loading online.
- To allow for automatic 40% increase in annual production.
- **Concessions in commercial terms** given to CIL's consumers (**relief worth Rs 5000 cr offered**)
- Reserve price in auctions for non-power consumers reduced, credit terms eased, and lifting period enhanced.

Enhancing Private Investments in the Mineral Sector

Structural reforms to boost growth, employment and bring state-of-the-art technology especially in exploration through:

- **Introduction of a seamless composite exploration-cum-mining-cum-production regime.**
- **500 mining blocks would be offered** through an open and transparent auction process
- **Introduce Joint Auction of Bauxite and Coal mineral blocks** to enhance Aluminum

- Industry's competitiveness. Will help aluminum industry reduce electricity costs.

Policy Reforms – Mineral Sector

- **Remove distinction between captive and noncaptive mines** to allow transfer of mining leases and sale of surplus unused minerals, leading to better efficiency in mining and production.
- Ministry of Mines is in the process of developing a **Mineral Index for different minerals**.
- **Rationalization of stamp duty payable** at the time of award of mining leases.

Enhancing Self Reliance in Defence Production

- **'Make in India' for Self-Reliance in defence production:**
- Notify a list of weapons/platforms for ban on import with year wise timelines;
- Indigenization of imported spares;
- Separate budget provisioning for domestic capital procurement.
- Will help reduce huge defence import bill.
- Improve autonomy, accountability and efficiency in Ordnance Supplies by **Corporatization of Ordnance Factory Board**.

Policy Reforms - Defence Production

- **FDI limit in the defence manufacturing under automatic route will be raised from 49% to 74%**
- **Time-bound defence procurement process** and faster decision making will be ushered in by:
- Setting up of a Project Management Unit (PMU) to support contract management;
- Realistic setting of General Staff Qualitative Requirements (GSQRs) of weapons/platforms;
- Overhauling Trial and Testing procedures

Reduction in Flying cost Rs. 1000 crores - Efficient Airspace Management for Civil Aviation

- Only 60% of the Indian airspace freely available.
- **Restrictions on utilization of the Indian Air Space will be eased** so that civilian flying becomes more efficient.
- Will bring a total **benefit of about Rs 1000 crores per year** for the aviation sector.
- Optimal utilization of airspace; reduction in fuel use, time.
- Positive environmental impact.

More World-class Airports through PPP

- AAI has awarded 3 airports out of 6 bid for Operation and Maintenance on Public-Private Partnership (PPP) basis.
- Annual Revenue of 6 airports in 1st round - Rs 1000 crores (against current profit of Rs 540 crores per year). AAI will also get a down payment of Rs 2300 crores.
- **6 more airports** identified for 2nd Bid process to commence immediately.
- Additional **Investment by private players in 12 airports** in 1st and 2nd rounds expected around **13,000 crores**.
- **Another 6 airports will be put out for the third round of bidding.**

India to become a global hub for Aircraft Maintenance, Repair and Overhaul (MRO)

- **Tax regime for MRO ecosystem has been rationalized.**
- Aircraft component repairs and airframe maintenance to increase from Rs 800 crores to Rs 2000 crores in three years.
- Major engine manufacturers in the world would set up engine repair facilities in India in the coming year.
- **Convergence between defence sector and the civil MROs** will be established to create economies of scale.
- **Maintenance cost for airlines will come down.**

Tariff Policy Reform

A Tariff Policy laying out the following reforms will be released:

I. Consumer Rights

- DISCOM inefficiencies not to burden consumers
- Standards of Service and associated penalties for DISCOMs
- DISCOMs to ensure adequate power; load-shedding to be penalized

II. Promote Industry

- Progressive reduction in cross subsidies
- Time bound grant of open access
- Generation and transmission project developers to be selected competitively

III. Sustainability of Sector

- No Regulatory Assets
- Timely payment of Gencos
- DBT for subsidy; Smart prepaid meters

Privatization of Distribution in UTs

- Sub-optimal performance of power distribution & supply
- Power Departments / Utilities in Union Territories will be privatized.
- Will lead to better service to consumers and improvement in operational and financial efficiency in Distribution
- Provide a model for emulation by other Utilities across the country.

Boosting private sector investment in Social Infrastructure through revamped Viability Gap Funding Scheme - Rs 8100 crores

- Social Infrastructure Projects suffer from poor viability.
- Government will enhance the quantum of Viability Gap Funding upto 30% each of Total Project Cost as VGF by Centre and State/Statutory Bodies.
- For other sectors, VGF existing support of 20 % each from GoI and States/Statutory Bodies shall continue
- Total outlay is Rs. 8100 crores
- Projects to be proposed by Central Ministries/ State Government/ Statutory entities.

Boosting private participation in Space activities

- Indian private sector will be a co-traveller in India's space sector journey.
- Will provide **level playing field for private companies** in satellites, launches and space-based services.
- Will provide **predictable policy and regulatory environment** to private players.
- Private sector will be allowed to **use ISRO facilities** and other relevant assets to improve their capacities.
- **Future projects** for planetary exploration, outer space travel etc. to be **open for private sector**.
- **Liberal geo-spatial data policy** for providing remote-sensing data to tech-entrepreneurs.

Atomic Energy related Reforms

- Establish **research reactor in PPP mode** for production of medical isotopes – promote Welfare of humanity through affordable treatment for cancer and other diseases.
- Establish **facilities in PPP mode** to use irradiation technology for food preservation – to compliment agricultural reforms and assist farmers.
- Link India's robust start-up ecosystem to nuclear sector – **Technology Development cum Incubation Centres** will be set up for fostering synergy between research facilities and tech entrepreneurs.

The Presentation can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/Atma-Nirbhar-Bharat-Full-Presentation-Part-4-16-5-2020.pdf>

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Key Highlights of FM's Press Conference on Aatma Nirbhar Reform (Part-5) - May 17, 2020

आत्मनिर्भर भारत

Part - 5: Government Reforms and Enablers

17.05.2020

**Health Related Steps taken so far for COVID containment****Already announced – Rs. 15,000 crore**

- Released to state – Rs. 4113 cr
- Essential items– Rs. 3750 cr
- Testing labs and kits – Rs. 550 cr
- Insurance cover of Rs 50 lakhs per person for health professionals under *Pradhan Mantri Garib Kalyan Yojana*.

Leveraging IT –

- Roll out of e-Sanjeevani Tele-Consultation Services
- Capacity Building: Virtual learning modules – iGOT platform
- Arogya Setu: self-assessment and contact tracing

Protection to Health Workers –

- Amendment in Epidemic Diseases Act
- Adequate provision for PPEs –
 - From zero to > 300 domestic manufacturers
 - Already supplied - PPEs (51 lakhs), N95 masks (87 lakhs) HCQ tablets (11.08 Cr)

Reforming Governance for Ease of Doing Business

- Globally, potential investors look at a country's **Doing Business Report (DBR)** ranking

- Sustained measures taken have resulted in steadily improving **India's position in World Bank's Doing Business Report rank from 142 in 2014 to 63 in 2019**
- **This included streamlining processes** such as granting of permits and clearance, self-certification and third party certification among others.
- Government is working on a **mission mode on the next phase of Ease of Doing Business Reforms relating to** easy registration of property, fast disposal of commercial disputes and simpler tax regime for making India one of the easiest places to do business

Recent Corporate Law measures to boost Measures for Ease of Doing Business

- In the **first phase of decriminalization of Company Law** defaults in 2018, 16 compoundable offences were shifted to an in-house adjudication & penalty mechanism
- **Integrated Web based Incorporation Form** - Simplified Proforma for Incorporating Company Electronically Plus (SPICE +) introduced which extends 10 services of different Ministries and one State Government through a single form.
- **Databank of Independent Directors launched**
- **Withdrawal of more than 14,000 prosecutions** under the Companies Act, 2013.

Recent Corporate Law measures for Ease of Doing Business

- **Rationalization of Related Party Transaction related provisions**
- **Timely Action during COVID-19 to reduce compliance burden under various provisions of the Companies Act, 2013** as well as enable Companies conduct Board Meetings, EGMs & AGMs, Rights issue by leveraging the strengths of Digital India
- In 221 resolved cases, **44% Recovery has been achieved since inception of IBC, 2016**
- Admitted claims amount to Rs. 4.13 Lakh crores
- Realizable amount is Rs. 1.84 Lakh crores
- Under IBC, **13,566 cases involving a total amount of Rs. 5.01 lakh crores (approx.) have been withdrawn before admission under provisions of IBC till 29th Feb 2020.**

Technology driven Systems -Online Education during COVID

- SWAYAM PRABHA DTH channels to support and reach those who do not have access to the internet. 3 channels were already earmarked for school education; now another 12 channels to be added.
- Provision made for telecast of live interactive sessions on these channels with experts from home through Skype.
- Also tied up with private DTH operators like Tata Sky & Airtel to air educational video content to enhance the reach of these channels.
- Coordination with States of India to share airtime (4 hrs daily) on the SWAYAM PRABHA channels to telecast their education related contents.
- DIKSHA platform has had 61 crore hits from 24th March till date
- 200 new textbooks added to e-Paathshaala

Government Reforms and Enablers

Rs 40,000 crores increase in allocation for MGNREGS to provide employment boost

- Government will now allocate an additional Rs 40,000 crore under MGNREGS

- Will help generate nearly 300 crore person days in total
- Address need for more work including returning migrant workers in Monsoon season as well
- Creation of larger number of durable and livelihood assets including water conservation assets
- Will boost the rural economy through higher production.

Health Reforms & Initiatives

- **Increased investments in Public Health –**
- Public Expenditure on Health will be increased.
- Investments in grass root health institutions
 - Ramp up Health and Wellness Centers in rural and urban areas
- **Preparing India for any future pandemics –**
- Infectious Diseases Hospital Blocks – all districts
- Strengthening of lab network and surveillance –
 - Integrated Public Health Labs in all districts & block level Labs & Public Health Unit to manage pandemics.
- Encouraging Research–National Institutional Platform for One health by ICMR
- National Digital Health Mission: Implementation of National Digital Health Blueprint

Technology Driven Education with Equity post-COVID

- PM eVIDYA- A programme for multi-mode access to digital/online education to be launched immediately; consisting of:
 - DIKSHA for school education in states/UTs: e-content and QR coded Energized Textbooks for all grades (one nation, one digital platform)
 - One earmarked TV channel per class from 1 to 12 (one class, one channel)
 - Extensive use of Radio, Community radio and Podcasts
 - Special e-content for visually and hearing impaired.
 - Top 100 universities will be permitted to automatically start online courses by 30th May, 2020.
- Manodarpan- An initiative for psychosocial support of students, teachers and families for mental health and emotional wellbeing to be launched immediately.
- New National Curriculum and Pedagogical framework for school, early childhood and teachers will be launched: integrated with global and 21st century skill requirements
- National Foundational Literacy and Numeracy Mission for ensuring that every child attains Learning levels and outcomes in grade 5 by 2025 will be launched by December 2020

Further enhancement of Ease of Doing business through IBC related measures

- Minimum threshold to initiate insolvency proceedings raised to Rs. 1 crore (from Rs. 1 lakh, which largely insulates MSMEs).
- Special insolvency resolution framework for MSMEs under Section 240A of the Code to be notified soon.
- Suspension of fresh initiation of insolvency proceedings up to one year depending upon the pandemic situation.

- Empowering Central Government to exclude COVID 19 related debt from the definition of “default” under the Code for the purpose of triggering insolvency proceedings.

Decriminalisation of Companies Act defaults

- Decriminalization of Companies Act violations involving minor technical and procedural defaults (shortcomings in CSR reporting, inadequacies in board report, filing defaults, delay in holding AGM).
- Majority of the compoundable offences sections to be shifted to internal adjudication mechanism (IAM) and powers of RD for compounding enhanced (58 sections to be dealt with under IAM as compared to 18 earlier).
- The Amendments will de-clog the criminal courts and NCLT
- 7 compoundable offences altogether dropped and 5 to be dealt with under alternative framework

Ease of Doing Business for Corporates

- Improvement in rankings in ‘starting a business’ and ‘insolvency resolution’ have contributed to the overall improvement in India’s ranking on EoDB.
- Further key reforms to include –
- Direct listing of securities by Indian public companies in permissible foreign jurisdictions.
- Private companies which list NCDs on stock exchanges not to be regarded as listed companies.
- Including the provisions of Part IXA (Producer Companies) of Companies Act, 1956 in Companies Act, 2013.
- Power to create additional/ specialized benches for NCLAT
- Lower penalties for all defaults for Small Companies, One-person Companies, Producer Companies & Start Ups.

Public Sector Enterprise Policy for a New, Self-reliant India

- India and the world have changed in the last few decades
- Need for a new coherent policy—where all sectors are open to the private sector while public sector enterprises (PSEs) will play an important role in defined areas
- Accordingly government will announce a new policy whereby
- List of strategic sectors requiring presence of PSEs in public interest will be notified
- In strategic sectors, at least one enterprise will remain in the public sector but private sector will also be allowed
- In other sectors, PSEs will be privatized (timing to be based on feasibility etc.)
- To minimize wasteful administrative costs, number of enterprises in strategic sectors will ordinarily be only one to four; others will be privatized/ merged/ brought under holding companies

Support already extended to State Governments

- Centre, like the states, has faced a sharp decline in revenues
- Despite this the Centre has consistently extended generous support to states in this hour of need
- Devolution of taxes (**Rs 46,038 cr**) in April was **given fully as if Budget Estimates were valid**, even though actual revenue shows unprecedented decline from Budget Estimates
- Revenue Deficit Grants to states (**Rs 12,390 cr**) given on time in April and May, despite Centre’s stressed resources
- Advance release of SDRF (**11,092 cr**) funds in first week of April
- Release of over **4,113 crores** from Health Ministry for direct anti-Covid activities

- At Centre's request, RBI has increased
- Ways & Means Advance limits of States by 60%
- Number of days state can be in continuous overdraft from 14 days to 21 days
- Number of days state can be in overdraft in a quarter from 32 to 50 days.

Supporting State Governments

- States net borrowing ceiling for 2020-21 is Rs. 6.41 lakh crores, based on 3% of Gross State Domestic Product (GSDP)
- 75% thereof was authorised to them in March 2020 itself and timing is left to the States
- States have so far borrowed only 14% of the limit authorised. **86% of the authorised borrowing remains unutilized.**
- Nevertheless, states have been asking for special increase in borrowing from 3% to 5%
- In view of the unprecedented situation, **Centre has decided to accede to the request and increase borrowing limits of States from 3% to 5%, for 2020-21 only.**
- This will give States **extra resources of Rs. 4.28 lakh crores**

Supporting State Governments & promoting state level reforms

- Part of the borrowing will be linked to specific reforms (including recommendations of Finance Commission) to:
- ensure sustainability of the additional debt through higher future GSDP growth and lower deficits;
- promote welfare of migrants and reduce leakage in food distribution,
- increase job creation through investment
- safeguard the interests of farmers while making the power sector sustainable, and
- promote urban development, health and sanitation
- Reform linkage will be in four areas: universalisation of 'One Nation One Ration card', Ease of Doing Business, Power distribution and Urban local body revenues
- A specific scheme will be notified by Department of Expenditure on the following pattern:
- **Unconditional increase of 0.50%**
- **1% in 4 tranches of 0.25%, with each tranche linked to clearly specified, measurable and feasible reform actions**
- **Further 0.50% if milestones are achieved in at least three out of four reform areas**

Stimulus from earlier measures

Sl. No	Measures	Rs crores
1.	Revenue lost due to tax concessions since Mar 22 nd 2020.	7,800
2.	Pradhan Mantri Garib Kalyan Package (PMGKP)	1,70,000
3.	PM's announcement for Health sector	15,000
	Total	1,92,800

Stimulus provided by announcements in Part-1

SN	ITEM	(Rs. Cr.)
1	Emergency W/C Facility for Businesses, incl MSMEs	3,00,000
2	Subordinate Debt for Stressed MSMEs	20,000
3	Fund of Funds for MSME	50,000
4.	EPF Support for Business & Workers	2800
5.	Reduction in EPF rates	6750
6.	Special liquidity Scheme for NBFC/HFC/MFIs	30,000
7.	Partial credit guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs	45,000
8.	Liquidity Injection for DISCOMs	90,000
9.	Reduction in TDS/TCS rates	50,000
Sub Total		5,94,550

Stimulus provided by announcements in Part-2

SN	ITEM	(Rs. Cr.)
1.	Free Food grain Supply to Stranded Migrant Workers for 2 months	3500
2.	Interest Subvention for MUDRA Shishu Loans	1500
3	Special Credit Facility to Street Vendors	5000
4	Housing CLSS-MIG	70,000
5	Additional Emergency Working Capital through NABARD	30,000
6	Additional credit through KCC	2,00,000
Sub-Total		3,10,000

Stimulus provided by announcements in Part-3

SN	ITEM	(Rs. Cr.)
1.	Food Micro enterprises	10,000
2.	Pradhan Mantri Matsya Sampada Yojana	20,000
3.	TOP to TOTAL: Operation Greens	500

4.	Agri Infrastructure Fund	1,00,000
5.	Animal Husbandry Infrastructure Development Fund	15,000
6	Promotion of Herbal Cultivation	4,000
7	Beekeeping Initiative	500
Sub-Total		1,50,000

Stimulus provided by announcements in Part-4 and Part-5

SN	ITEM	(Rs. Cr.)
1	Viability Gap Funding	8,100
2	Additional MGNREGS allocation	40,000
Sub-Total		48,100

Overall Stimulus provided by Atma Nirbhar Bharat Package

SN	ITEM		(Rs. Cr.)
1	Part 1		5,94,550
2	Part 2		3,10,000
3	Part 3		1,50,000
4	Parts 4 and 5		48,100
Sub-Total			11,02,650
5	Earlier Measures incl PMGKP	(earlier slide)	1,92,800
6	RBI Measures (Actual)		8,01,603
Sub Total			9,94,403
GRAND TOTAL			20,97,053

The Presentation can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/05/Atma-Nirbhar-Bharat-Full-Presentation-Part-5-17-5-2020.pdf>

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News Flash

- Customs clears Rs 2.14 lakh cr worth import orders, collects Rs 28,810 cr duty in 49 days

<https://www.a2ztaxcorp.com/customs-clears-rs-2-14-lakh-cr-worth-import-orders-collects-rs-28810-cr-duty-in-49-days/>

- Pay GST dues, allow Jharkhand to levy tax on mining to meet COVID-19 challenge

<https://www.a2ztaxcorp.com/pay-gst-dues-allow-jharkhand-to-levy-tax-on-mining-to-meet-covid-19-challenge/>

- Govt loses this much GST revenue as coronavirus eats up retail trade worth lakhs of crores of rupees

<https://www.a2ztaxcorp.com/govt-loses-this-much-gst-revenue-as-coronavirus-eats-up-retail-trade-worth-lakhs-of-crores-of-rupees/>

- Economic activities picking up? E-way bills on GST site double from April level

<https://www.a2ztaxcorp.com/economic-activities-picking-up-e-way-bills-on-gst-site-double-from-april-level/>

- Finance Secretary Ajay Bhushan Pandey: Clear picture of GST mop up in Apr to come by June-end

<https://www.a2ztaxcorp.com/finance-secretary-ajay-bhushan-pandey-clear-picture-of-gst-mop-up-in-apr-to-come-by-june-end/>

- Do not fall for GST refund scam, taxpayers warned

<https://www.a2ztaxcorp.com/do-not-fall-for-gst-refund-scam-taxpayers-warned/>

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A2Z TAXCORP LLP is a boutique Indirect Tax firm having professionals from Multi disciplines which includes Goods and Services Tax (GST), Central Excise, Custom, Service Tax, VAT, DGFT, Foreign Trade Policy, SEZ, EOU, Export – Import Laws, Free Trade Policy etc.

Thanks & Best Regards,

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