



# Weekly GST Communique



**Recorded Certified Advanced GST Course - Bimal Jain**

**Course Highlights:** Certificate of Participation will be Provided, Free GST Updates on E-mail, WhatsApp, Telegram for 1 Year, Background Material and PPT will be Provided on downloadable basis, Total 21 Recorded Sessions (55 Hours), will be available for 100 hours or 60 Days whichever expires earlier

**For Registration:-** <https://www.a2ztaxcorp.in/>

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## GST

### Important Ruling of the week

- AAAR: Prize money received from horse-race clubs not liable to GST

### Important Notifications of the week

- CBIC issued Notification for extension of exemption of export freight from GST until September 30, 2021
- Basic Customs Duty on Open cell (15.6" & above) for use in manufacturing of LCD/LED TV hiked to 5% w.e.f. October 1, 2020
- CBIC extends due date for Annual Return in GSTR 9/9C for F.Y. 2018-19 till October 31, 2020
- CBIC amends e-invoicing notification to include exports and aggregate turnover of any preceding FY from 2017-18 onwards to be considered

- Dynamic QR Code for B2C Supplies deferred till December 01, 2020
- CBIC amends CGST Rules related to IRN and QR Code
- CBIC issued notification for relaxation in generation of e-invoice, now applicable from November 1, 2020
- CBIC extends time limit specified under Central Excise Act, Finance Act and Customs Act & Customs Tariff Act till Dec 31, 2020

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### Important Circulars, Instruction, etc.

- CBIC amends Customs Circular on Guidelines for Provisional Assessment under Section 18 of the Customs Act, 1962
- CBIC notified guidelines for implementation of Sea Cargo Manifest and Transshipment Regulations
- CBIC issued Instructions for performance review of the Standing Counsels representing Department before High Courts
- DGFT extends the validity of Pre-Shipment Inspection Agencies

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### Important Press Releases of the week

- GST collection in the month of September, 2020 is ₹ 95,480 crore
- CBIC issued press release on one time relaxation in implementation of E-invoice provisions for the month of October, 2020
- PIB issued statistics of India's Merchandise Trade Preliminary data for the month of September, 2020
- Hon'ble FM reviews implementation of Aatma Nirbhar Bharat Package pertaining to Ministries of Finance & Corporate Affairs

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### Important Updates of the week

- CBIC released updated CGST Act, 2017 upto September 30, 2020
- Compliance Calendar for the month of October, 2020

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### Videos of the week

- Intricacies in GST ITC and Place of Supply || CA Bimal Jain
- Overview on intricacies in Zero Rated Supply including SEZ Transactions || CA Bimal Jain
- 4 important changes announced in GST on September 30, 2020 || CA Bimal Jain
- Compliance of GST ITC as per GSTR 2A - GSTR 2B - Rule 36(4) in GSTR 3B of September || CA Bimal Jain

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## Income Tax

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### Important Notification, Circulars, etc.

- CBDT issued Income tax (22nd Amendment) Rules, 2020
- CBDT extends the time limit for compulsory selection of returns for Complete Scrutiny during the F.Y. 20-21
- IT Department issues guidelines for applicability of TCS provision w.e.f. October 01, 2020
- CBDT extends the due date for filing ITRs for A.Y. 2019-20 till November 30, 2020
- CBDT issues Order to upload information relating to GST Returns in Annual Information Statement in Form 26AS

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### Important Press Releases of the week

- ITR: No requirement of scrip wise reporting for day trading and short-term sale or purchase of listed shares
- CBDT issues press release clarifying on doubts arising on account of new TCS provisions

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### Important Updates of the week

- CNBC-TV18: Net direct Tax mop-up seen around Rs 3.33 Lakh cr as of 4<sup>th</sup> week of September
- CBDT has issued refunds of over Rs. 1,18,324 crore to more than 33.54 lakh taxpayers between April 01, 2020 to September 29, 2020

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## GST

## Important Ruling of the week

## AAAR: Prize money received from horse-race clubs not liable to GST

**AAAR Maharashtra**

Appellate Authority for Advance Ruling

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Maharashtra's Appellate Authority for Advance Ruling (AAAR) has held that receipt of prize money/stakes from horse-race clubs in the event horse wins the race would not be subject to Goods & Services Tax (GST).

"We set aside the advance ruling issued by AAR and hold that prize money/stakes will not be subject to GST in the absence of any supply," AAAR said in its order while adding that applicant is not entitled to avail any Input Tax Credit (ITC). Earlier, AAR had ruled that the amount of prize money received from the events conducting entities would be covered under supply category of GST law and liable to be taxed at 18 percent.

**Separate transactions**

The AAAR observed there are two separate transactions here - participation in races organised by horse racing clubs against entry fee payable by the horse race owner which is supply of service by race conducting entity to such aspiring horse race owners and supplying of horses for the event. The Bench said there is no element of service when the horse wins the race and gets the prize.

As regards, the contention it is a conditional contract, the Bench said that not every contract becomes taxable under the CGST law. Every supply is a contract, but not every contract is a supply, it added.

The Tax Department had approached AAAR appealing against the order of AAR as it felt that certain facts related with investigation against Vijay Baburao Shirke, the horse owner was not disclosed before AAR.

**The AAAR observed that no service has been provided by the applicant to the racing clubs for the prize money/stakes received from such clubs for the reason that only those horse owners winning the race gets the prize money.** Thus, there is no direct nexus between the activities carries out by the horse owners viz. by providing thoroughbred horses to race clubs for organizing horse race events, and the prize money received by such horse owners.

The Authority found that clause of direct and immediate link between the supply and consideration is absolutely absent in the present situation. Accordingly, it clarified that participation and winning are two separate events or transaction.

Since there is no taxable supply, assessee will not be eligible to avail ITC in respect of any input supply including the entry fee, the training charges paid to the horse trainers and the charges paid to the jockeys etc, it said.

Read More at: <https://www.thehindubusinessline.com/economy/prize-money-received-from-horse-race-clubs-not-liable-to-gst-aaar/article32718523.ece>

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## Important Notifications of the week

CBIC issued Notification for extension of exemption of export freight from GST until September 30, 2021



The CBIC vide **Notification No. 4/2020- Central Tax (Rate) dated September 30, 2020** amended *Notification No. 12/2017- Central Tax (Rate) dated June 28, 2017 ("Services Exemption Notification")* to extend the exemption of services by way of transportation of goods by an aircraft/ vessel from customs station of clearance in India to a place outside India till September 30, 2021. Relevant portion of the Service Exemption Notification now states as under:

Sl. No.	Heading	Description of Services	Rate (percent.)	Condition
19A	Heading 9965	Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India.	Nil	Nothing contained in this serial number shall apply after the 30 <sup>th</sup> day of September 2021
19B	Heading 9965	Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India.	Nil	Nothing contained in this serial number shall apply after the 30 <sup>th</sup> day of September, 2021

This notification shall come into force with effect from October 1, 2020.

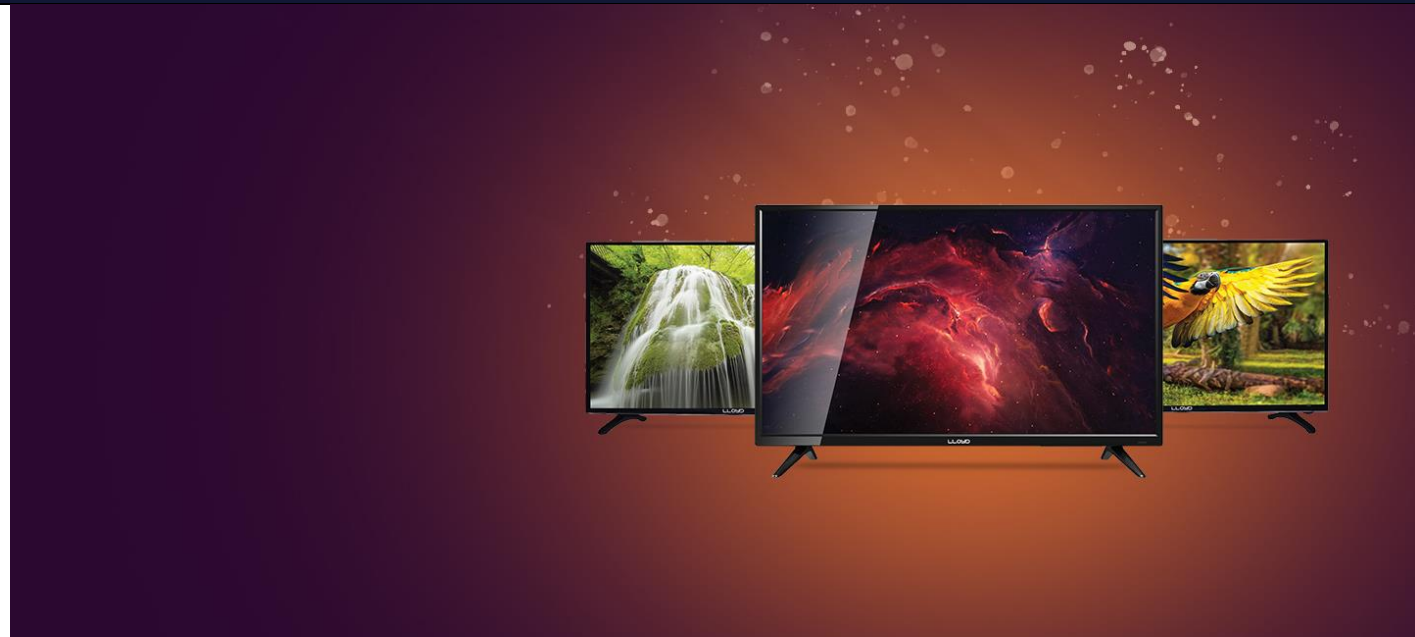
Similar notifications have been passed under Integrated Goods and Services Tax Act, 2017 ("**IGST Act**") and Union Territory Goods and Services Tax Act, 2017 ("**UTGST Act**").

CGST Notification: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/09/No.-04-2020-Central-Tax-Rate.pdf>

IGST Notification: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/09/No.-04-2020-Integrated-Tax-Rate.pdf>

UTGST Notification: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/09/No.-04-2020---Union-Territory-Tax-Rate.pdf>

### Basic Customs Duty on Open cell (15.6" & above) for use in manufacturing of LCD/LED TV hiked to 5% w.e.f. October 1, 2020



The CBIC vide **Notification No. 35/2020 – Customs dated September 30<sup>th</sup>, 2020** has increased the Basic Customs Duty ("**BCD**") on Open cell (15.6" and above) for use in the manufacture of Liquid Crystal Display ("**LCD**") and Light Emitting Diode ("**LED**") TV panels of heading 8529 from nil to 5%. Relevant entry reads as:

S. No.	Heading	Description of goods	Standard rate	IGST	Condition No.
515A	8529	Open cell (15.6" and above) for use in the manufacture of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels of heading 8529	5%	-	9




Further, omitted the clause (d) of the first proviso which read as:

*"(d) the goods specified against serial numbers 515A and 515B of the said Table after the 30th day of September, 2020"*

This notification shall come into force with effect from October 1, 2020.

The Notification can be accessed at: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-tarr2020/cs35-2020.pdf>

#### CBIC extends due date for Annual Return in GSTR 9/9C for F.Y. 2018-19 till October 31, 2020



**GSTR 9/9C  
DUE DATES**

Annual Return Filing Form for Taxpayers

[www.a2ztaxcorp.com](http://www.a2ztaxcorp.com)

#### **Background:**

The CBIC vide *Notification No. 41/2020-Central Tax, dated May 5, 2020* extended the due date for furnishing of FORM GSTR 9/9C for FY 2018-19 till September 30, 2020.

#### **Notification:**

The CBIC vide **Notification No. 69/2020- Central Tax dated September 30, 2020** amended the *Notification No. 41/2020-Central Tax, dated May 5, 2020* to further extend the due date for furnishing of **FORM GSTR 9/9C for FY 2018-19 till October 31, 2020**. Relevant extract is reproduced below:

*"In the said notification, for the figures, letters and words —"30th September, 2020", the figures, letters and words —"31st October, 2020" shall be substituted."*



The Notification can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/09/No.-69-2020---Central-Tax.pdf>

### CBIC amends e-invoicing notification to include exports and aggregate turnover of any preceding FY from 2017-18 onwards to be considered



#### **Background:**

The CBIC vide *Notification No. 13/2020 dated March 21, 2020* (as amended vide *Notification No. 61/2020 dated July 30, 2020*) notified the class of registered person required to issue e-invoice. Relevant extract is reproduced below:

*"... the registered person, other than a Special Economic Zone unit and those referred to in sub-rules (2), (3), (4) and (4A) of rule 54 of the said rules, whose aggregate turnover in a financial year exceeds five hundred crore rupees, as a class of registered person who shall prepare invoice and other prescribed documents, in terms of sub-rule (4) of rule 48 of the said rules in respect of supply of goods or services or both to a registered person"*

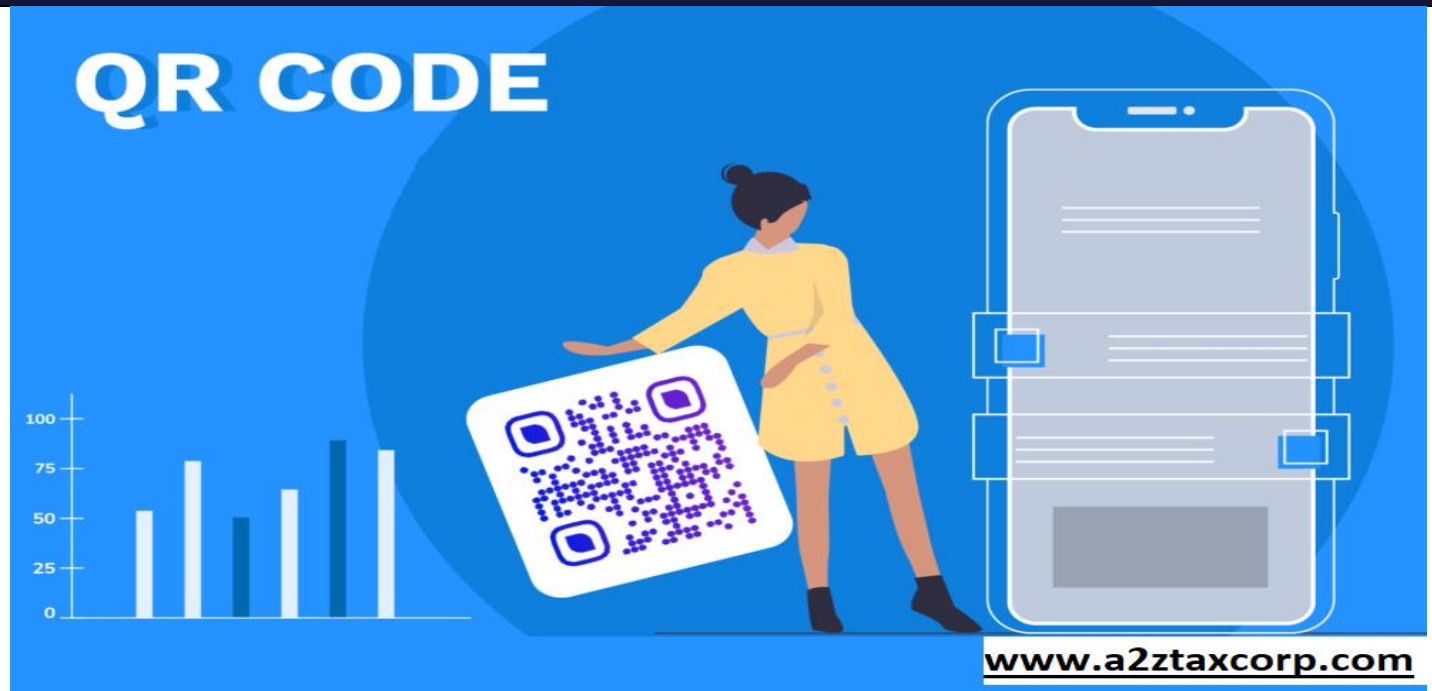
#### **Notification:**

The CBIC vide ***Notification No. 70/2020 dated September 30, 2020*** further amended *Notification No. 13/2020 dated March 21, 2020* to read as:

*"... the registered person, other than a Special Economic Zone unit and those referred to in sub-rules (2), (3), (4) and (4A) of rule 54 of the said rules, whose aggregate turnover in **any preceding financial year from 2017-18 onwards** exceeds five hundred crore rupees, as a class of registered person who shall prepare invoice and other prescribed documents, in terms of sub-rule (4) of rule 48 of the said rules in respect of supply of goods or services or both to a registered person **or for exports**"*

The Notification can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/09/No.-70-2020---Central-Tax.pdf>

## Dynamic QR Code for B2C Supplies deferred till December 01, 2020

**Background:**

The CBIC vide *Notification No. 14/2020 dated March 21, 2020* notified the class of registered person required to have Dynamic Quick Response (QR) Code. Relevant extract is reproduced below:

*“an invoice issued by a registered person, whose aggregate turnover in a financial year exceeds five hundred crore rupees, other than those referred to in sub-rules (2), (3), (4) and (4A) of rule 54 of said rules, and registered person referred to in section 14 of the Integrated Goods and Services Tax Act, 2017, to an unregistered person (hereinafter referred to as B2C invoice), shall have Dynamic Quick Response (QR) code:*

*Provided that where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.*

*2. This notification shall come into force from the 1st day of October, 2020.”*

**Notification:**

The CBIC vide **Notification No. 71/2020 dated September 30, 2020** amended *Notification No. 14/2020 dated March 21, 2020* to consider aggregate turnover of any preceding FY from 2017-18 onwards and deferred its implementation till November 30, 2020. Relevant extract is reproduced below:

*“..an invoice issued by a registered person, whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds five hundred crore rupees, other than those referred to in sub-rules (2), (3), (4) and (4A) of rule 54 of said rules, and registered person referred to in section 14 of the Integrated Goods and Services*

*Tax Act, 2017, to an unregistered person (hereinafter referred to as B2C invoice), shall have Dynamic Quick Response (QR) code:*

*Provided that where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.*

*2. This notification shall come into force from the 1st day of December, 2020."*

The Notification can be accessed at: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-71-central-tax-english-2020.pdf>

## CBIC amends CGST Rules related to IRN and QR Code



The CBIC vide **Notification No. 72/2020- Central Tax dated September 30, 2020** issued Central Goods and Services Tax (Eleven Amendment) Rules, 2020 effective from September 30, 2020. Amendments are discussed below:

1. Sub- rule (r) inserted in Rule 46 of the CGST Rules for mentioning Quick Reference code having embedded Invoice Reference Number (“**IRN**”) in tax invoice referred to in Section 31 of the Central Goods and Services Tax Act, 2017 (“**CGST Act**”):

*“(r) Quick Reference code, having embedded Invoice Reference Number (IRN) in it, in case invoice has been issued in the manner prescribed under sub-rule (4) of rule 48.”.*

2. Inserted proviso to sub-rule (4) of Rule 48 of the CGST Rules to give power to the Commissioner to exempt person or a class of registered persons from issuance e-invoice under Rule 48(4) of the CGST Rules. Relevant portion is reproduced below:

*“(4) The invoice shall be prepared by such class of registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in **FORM GST INV-01** after obtaining an Invoice Reference Number by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified in the notification.*

*Provided that the Commissioner may, on the recommendations of the Council, by notification, exempt a person or a class of registered persons from issuance of invoice under this sub-rule for a specified period, subject to such conditions and restrictions as may be specified in the said notification.”*

3. Substituted sub-rule (2) of Rule 138A of the CGST Rules to provide for Quick Reference code having embedded IRN in the invoice issued under sub-rule (4) of Rule 48 of the CGST Rules for electronic verification; meaning thereby now there is no need for physical verification of invoice. Relevant portion is reproduced below:

*“(2) In case, invoice is issued in the manner prescribed under sub-rule (4) of rule 48, the Quick Reference (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced electronically, for verification by the proper officer in lieu of the physical copy of such tax invoice.”*

Further, the CBIC has issued corrigendum in **Notification No. 72/2020- Central Tax dated September 30, 2020** which sought to amend CGST Rules mandating QR Code on e-invoice, to change words ‘Quick Reference’ to ‘Quick Response’.

Now, Sub- rule (r) inserted in Rule 46 of the CGST Rules reads as under:

*“(r) Quick Response code, having embedded Invoice Reference Number (IRN) in it, in case invoice has been issued in the manner prescribed under sub-rule (4) of rule 48.”.*

Further, sub-rule (2) substituted in Rule 138A of the CGST Rules reads as under:

*“(2) In case, invoice is issued in the manner prescribed under sub-rule (4) of rule 48, the Quick Response (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced electronically, for verification by the proper officer in lieu of the physical copy of such tax invoice.”*

The Central Goods and Services Tax (Eleven Amendment) Rules, 2020 can be accessed at: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-72-central-tax-english-2020.pdf>

The Corrigendum can be accessed at: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-72-central-tax-english-2020-corr.pdf>

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CBIC issued notification for relaxation in generation of e-invoice, now applicable from November 1, 2020



Pursuant to the *Press Release dated September 30, 2020*, the CBIC vide **Notification No. 73/2020- Central Tax dated October 1, 2020** notified that the registered persons required to prepare the tax invoice in the manner specified under Rule 48(4) of the CGST Act who have prepared tax invoice in a manner other than the said manner, shall during the period from October 1, 2020 to October 31, 2020, obtain an IRN for such invoice by uploading specified particulars in **FORM GST INV-01** on the Common Goods and Services Tax Electronic Portal, within 30 days from the date of such invoice, failing which the same shall not be treated as an invoice.

The Notification can be accessed at: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-73-central-tax-english-2020.pdf>

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## CBIC extends time limit specified under Central Excise Act, Finance Act and Customs Act & Customs Tariff Act till Dec 31, 2020



**CBIC extends time limit** specified under Central Excise Act, Finance Act and Customs Act & Customs Tariff Act till **Dec 31, 2020**

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### **Background:**

The CBIC vide Section 6 of the Taxation and Other Laws (Relaxations and Amendment of certain provisions) Act, 2020 dated March 31, 2020 stated as under:

*"6. Notwithstanding anything contained in the Central Excise Act, 1944, the Customs Act, 1962 (except sections 30, 30A, 41, 41A, 46 and 47), the Customs Tariff Act, 1975 or Chapter V of the Finance Act, 1994, as it stood prior to its omission vide section 173 of the Central Goods and Service Tax Act, 2017 with effect from the 1st day of July, 2017, the time limit specified in, or prescribed or notified under, the said Acts which falls during the period from the 20th day of March, 2020 to the 29th day of June, 2020 or such other date after the 29th day of June, 2020 as the Central Government may, by notification, specify, for the completion or compliance of such action as-*

*(a) completion of any proceeding or issuance of any order, notice, intimation, notification or sanction or approval, by whatever name called, by any authority, commission, tribunal, by whatever name called; or*

*(b) filing of any appeal, reply or application or furnishing of any report, document, return or statement, by whatever name called,*

*shall, notwithstanding that completion or compliance of such action has not been made within such time, stand extended to the 30th day of June, 2020 or such other date after the 30th day of June, 2020 as the Central Government may, by notification, specify in this behalf:*

*Provided that the Central Government may specify different dates for completion or compliance of different actions under clause (a) or clause (b)."*

### **Notification:**

The CBIC vide **Notification F. No. 450/61/2020-Cus.IV(Part-I) dated September 30, 2020** notified as under:

1. **December 30, 2020 shall be the end date of the period during which the time limit specified** in, or prescribed or notified under, the Central Excise Act, 1944 (1 of 1944), the Customs Act, 1962 (52 of 1962) (except sections 30, 30A, 41, 41A, 46 and 47), the Customs Tariff Act. 1975 (51 of 1975) or Chapter V of the Finance Act, 1994 (32 of 1994) falls for the completion or compliance of such action as specified under clause (a) or (b) of Section 6 of the Taxation and Other Laws (Relaxations and amendment of certain provisions) Act, 2020 dated March 31, 2020; and
2. **December 31, 2020 shall be the end date to which the time limit for completion or compliance of such action shall stand extended.**

The Notification can be accessed at: <http://egazette.nic.in/WriteReadData/2020/222154.pdf>

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## Important Circulars, Instruction, etc.

### CBIC amends Customs Circular on Guidelines for Provisional Assessment under Section 18 of the Customs Act, 1962



### CBIC amends Customs Circular on Guidelines for Provisional Assessment under Section 18 of the Customs Act, 1962

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The CBIC vide **Circular No. 42/2020 – Customs dated September 29<sup>th</sup>, 2020** has amended **Circular No. 38/2016 – Customs dated August 22<sup>nd</sup>, 2016** on Guidelines for Provisional Assessment under Section 18 of the Customs Act, 1962 and Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (“**CAROTAR, 2020**”) issued vide Notification No. 81/2020-Customs (N.T.) dated August 21<sup>st</sup>, 2020.

In order to align the **Circular no. 38/2016-Customs dated August 22<sup>nd</sup>, 2016** with CAROTAR, 2020, the entries at Serial No. 1, 2, 5(a) and 5(c) of Table at paragraph 3 of the said Circular are substituted with the entries as below-

1	Imports by Authorised Economic Operators (AEO – T3)	0 % (including cases at Sl. No. 4 to 6b, except 5(a) and 5(c)).	In terms of Circular No.33/2016 Customs dated July 22 <sup>nd</sup> , 2016, as amended.
2	Imports by Authorised Economic Operators (AEO – T1 and AEO – T2) (excluding importers mentioned at Sl. No. 3)	(a) 0% (in terms of Sl. No. 5 (b), 6(a) and 6(b) (2) (b) 50% (for AEO-T1) or 25% (for AEO-T2) of the applicable bank guarantee or cash deposit specified at Sl. No. 4, 6(b)(1).	In terms of Circular No.33/2016 Customs dated July 22 <sup>nd</sup> , 2016, as amended.
5 (a)	Cases related to determination of origin under FTAs based on the reasonable belief that the	100%	In terms of Rule 5 or Rule 6(1)(b) of CAROTAR, 2020 (Notification

	matter involves mis-declaration of origin.		No. 81/2020 dated August 21 <sup>st</sup> , 2020)
5 (c)	Cases related to verification of signatures and seals under FTAs	100%	In terms of Rule 6(1)(a) of CAROTAR, 2020 (Notification No. 81/2020 dated August 21 <sup>st</sup> , 2020)

With the above amendments, all class of importers, including Authorized Economic Operators (AEO) are required to furnish 100% of differential duty as a security if provisional assessment is requested by the importer when inquiry is initiated in terms of rule 5 or when verification is initiated in terms of rule 6(1)(a) or 6(1)(b) of CAROTAR, 2020.

The Complete Circular can be accessed at: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-42-2020.pdf>

### CBIC notified guidelines for implementation of Sea Cargo Manifest and Transshipment Regulations



#### **Background:**

CBIC vide *Notification No.38/2018-Customs (N.T.) dated May 11, 2018* notified Sea Cargo Manifest and Transshipment Regulations (SCMTR), 2018. The SCMTR seek to bring about transparency, predictability of movement, advance collection of information for expeditious clearance and supersedes the earlier regulations viz. Import Manifest (Vessels) Regulations, 1971 and Export Manifest (Vessels) Regulation, 1976. The new Regulations stipulate for advance notice by authorized carriers for goods arriving in or being exported out of India through gateway seaports and further movement between Customs stations. They stipulate the obligations, roles and responsibilities for the various stakeholders involved in movement of imported/export goods. Based on the feedbacks from the various stakeholders, the changes were incorporated and the said

regulations was made effective from of August 01, 2019 with transitional provisions under Regulation 15 till the of September 30, 2020.

Considering the disruptions caused due to Covid-19 Pandemic and non-readiness of the stakeholders, Board has issued *Notification No.94/2020-Customs (N.T.) dated September 30, 2020* vide which the transitional provisions under Regulation 15(2) have been extended from October 01, 2020 till March 31, 2021 to enable submission of manifests under erstwhile regulations. However, as per Regulation 15(1), mandatory filing of different declarations in new format in a phased manner is provided for as per the annexure A to this circular. Different timelines are prescribed so that trade has sufficient time to comply with the new regulations in a phased manner. Further, vide Regulation 15(2), the mandatory compliance requirements for submissions of declarations and manifests under the said regulations shall applied in full effect from April 01, 2021.

Another procedural relaxation is that the amount of bond and bank guarantee or postal security or National Savings Certificate or fixed deposit, as required under Regulation 3(1A) has been reduced to Rs 5,00,000 /- from Rs 10,00,000 /-. It is also informed that vide the above stated *Notification No. 94/2020-Customs (N.T.) dated September 30, 2020* in addition to Authorised Economic Operators (AEOs), 'Customs Brokers' who are already licensed under the Customs Brokers Licensing Regulations, 2018, who are authorised to issue delivery orders, are also exempted from the requirement to furnish a fresh bank guarantee or postal security or National Savings Certificate or fixed deposit , under proviso to Regulation 3(1A) of the SCMTR.

#### **Circular:**

Directorate General of Systems has taken several measures for handholding the trade and all stakeholders for smooth transition to the SCMTR regime. Directorate General of Systems has issued various guidelines related to the registration process and filing requirements under the new SCMTR for different stakeholders such as Shipping Lines, Freight Forwarders, Transhippers etc., who are integral to the implementation of the said regulations. The guidelines can be found at the following link (<https://www.icegate.gov.in/SeaManifestRegulation.html>). For the sake of guidance and clarity, the procedural compliance requirements of the said regulations are reiterated ***vide Circular No. 43/2020-Customs dated September 30, 2020*** in following manner:

#### **Registration of Stakeholders:**

1. The registration of different stakeholders stipulated in regulation (1) of the SCMTR is a completely automated process through ICEGATE Portal. The detailed guidelines available at [https://icegate.gov.in/Download/Advisory for users on SCMTR v2.0.pdf](https://icegate.gov.in/Download/Advisory%20for%20users%20on%20SCMTR%20v2.0.pdf) may be referred to for more clarity on the registration process. It is noticed that while a sizeable number of stakeholders have registered successfully on ICEGATE, there remains a significant number who are yet to be onboarded due to lack of reciprocity, despite various advisories. Board urges all the stakeholders to immediately register on ICEGATE and apply from within their ICEGATE login to operate under the new SCMTR. The categories of stakeholders who are required to be registered are as follows:

1. Authorised Sea Carrier (Including Shipping line) (ASC)
2. Authorised Sea Agent (Steamer/ Shipping Agent) (ASA)
3. Authorised Carrier (other notified carriers) (ANC)
4. Authorised Carriers for Inland Movement – Transhippers (ATP)

The applicant can edit or modify the details in already submitted application, if the same has not been approved by the officer concerned. In case officer has already approved the submitted application for registration, the applicant can submit amendment for the already approved details.

#### **Delivery of an Arrival Manifest in relation to a Vessel:**

2. Regulation 4 of the SCMTR provides for the delivery of an arrival manifest in relation to the vessel by Authorised Sea Carrier. This document now replaces the `Import General Manifest` and is a legal requirement under Section 30 of the Customs Act, 1962, the details of which are outlined under Regulation 4(2) of the SCMTR. It is clarified that only the persons representing master of the vessel (i.e Vessel Operator) viz. the Authorised Sea Carriers (ASC)/ Authorised Sea Agents (ASA) are required to file the arrival manifest. The General declaration and Cargo declaration are made available together in ICEGATE as Sea Arrival Manifests (SAM) and other declarations in arrival manifest is made in ICEGATE as Sea Entry inwards (SEI). The timeline for the mandatory parallel filing of arrival manifest for different types of Vessel/Cargo is given in annexure A.

2.1. It is to be noted that the General declaration and the Cargo declaration associated with the arrival manifest, are mandatorily required to be delivered before the vessel departs from the last port of call before arrival of vessel at the Indian port. However, for non-containerized cargo the arrival manifest can be filed at any point in time, but before arrival of vessel at the Indian port. In case of SAM, amendments will not require any approval by the Customs officer if filed within following timelines:

- Short Haul Voyage (expected arrival less than 48 hrs) – 6 hrs before expected arrival,
- Medium Haul Voyage (expected arrival 48 – 96 hrs) – 24 hrs before expected arrival and
- Long Haul Voyage (expected arrival after 96 hrs) – 48 hrs before expected arrival.

However, if the amendments are filed beyond the above timelines, they will require approval by the proper officer. Such amendment approval would also be given online. For filing a SAM, the vessel operator will have to give the details of the Container Bond registered in the Customs Automated System. For the purpose of SCMTR, a new national container bond has been introduced in the Customs System with the category name CG. This bond, once registered at a port can be used for filing SAM at any port across India.

2.2. Apart from ASC/ASA above, other persons such as Freight forwarders, NVOCC, consolidator or by whatever name they are called, who are party to Transport Document (viz. Bill of Lading) and issue delivery order may also file their part of cargo declaration directly with Customs as Cargo Summary Notification (CSN), instead of giving it to the vessel operator. The CSN is a declaration filed with Customs regarding the details of cargo covered under a Transport Document (viz. Bill of Lading). On successful submission of this declaration, a unique CSN number would be generated that will act as a reference number for the next declaration by the consolidator or the vessel operator (VOA). It is clarified that ASC/ASA can also prepare the arrival manifest by aggregating Cargo Summary Notification (CSN) filed separately by other Authorised Carrier. Further, a CSN can be filed not just by the other notified parties but also by the vessel operator. A vessel operator can file CSNs for every transport document if it has the necessary details and just refer the CIN numbers in the final arrival manifest. Similarly, in case of Arrival or Departure Manifests filed for subsequent movements, the CIN details may be referred, rather than filing the details afresh. The timeline for the mandatory parallel filing of cargo declaration for different types of goods is given in Annexure A.

#### **Delivery of a Departure Manifest in Relation to a Vessel:**

3. Similar to the procedural requirements as in para 6 on the import side, the same requirements are laid down on the export side under Regulation 5 of the SCMTR. For delivery of a Departure manifest, the concerned stake-holders, viz. the Authorised Sea Carriers (ASC)/ Authorised Sea Agents (ASA) would now be required to file Sea Departure Manifests (SDM) and Sea Departure Notification (SDN). SDM is the manifest required to be filed by Authorised Sea Carrier before departure of the vessel from any Indian sea port. The SDM, can be updated any time before SDN is filed without the approval of the officer.

3.1. SDN is the declaration having final reconciliation summary of the cargo actually carried by the vessel. SDN is filed by the Authorised Sea Carrier after the departure of the vessel within 24 hrs of the departure of the vessel for containerized cargo and 72 hrs for other cargo, which otherwise may attract late filing penalty. These documents would comprehensively subsume and replace the 'Export General Manifests' and are expected to greatly reduce the various errors associated with exports on payment of IGST refunds. As in para 2.2, the other persons notified in this regard may file the Cargo Summary Notification (CSN). As in the case of arrival manifest, it is clarified that ASC/ASA can also prepare the departure manifest by aggregating Cargo Summary Notification (CSN) filed separately by other Authorised Carrier. The timeline for the mandatory parallel filing of departure manifest for different types of Vessel/Cargo is given in annexure A.

#### **Transshipment of Goods within India by Train/Truck:**

4. Transshipment under the Regulation 7 of the SCMTR refers to any movement of Customs cargo between two Customs stations inside the country. The person responsible for the movement of the import/export goods within India is a Transshipper. There would be only one authorized Transshipper responsible throughout the movement of the transshipped cargo, irrespective of the modes of transport. The Transshipment Bond is also required to be executed by the authorized Transshipper. For filing declarations under the SCMTR, a transshipper should get registered in the category of Authorised Transshipper (ATP), who is also a stakeholder who requires registration as narrated in para 1 of this circular. Like a CG Bond, even for the purpose of transshipment under the SCMTR, a new national Transshipment Bond with category code 'TG' has been made available in the Customs System to avoid the necessity of registering different bonds at different ports. The authorized transshipper is required to file arrival and departure manifests for every stage of the inland movement of the cargo. The manifests pertaining to the transshipment are made available in ICEGATE as 'Customs Inland Manifest (CIM) – Arrival (AR)/ Departure (DP)'. The manifests will have to be filed for every vehicle (truck/train) carrying the cargo upto and between inland Customs stations. The authorized carrier (i.e Transshipper) is required to file CIM – DP/AR manifests before departure and upon arrival of the conveyance at the respective Customs stations. However, while a declaration will have to be filed before departure and upon arrival of the conveyance at the respective Customs stations, the declarant will be able to link the declarations made in the previous manifests for every cargo using the cargo identification number (CIN) assigned to the cargo. Thus, the process would be considerably eased to that extent. The ATP would also require to file the Allowed for Shipment Request (ASR) for every shipping bill when ready for departure at the port of export.

#### **Amendment of Arrival and Departure Manifests:**

5. The declarant can submit amendment for the already submitted declarations, as provided for under Regulation 8 of the SCMTR. It may also be noted that both SAM and SDM can be amended after filing.

#### **Cargo Identification Number:**



6. To uniquely identify the cargo and simplify the filing process, a system of CIN is introduced in Customs Automated system. CIN is a unique identification number assigned by Customs System to every cargo declared. In order to account for every consolidation and segregation of cargo seamlessly, two types of CIN would get generated:

- **PCIN – Primary Cargo Identification Number:** It is the identification number assigned by Customs automated System to uniquely identify a cargo contained in single Transport Document (like Bill of Lading) mentioning Actual Buyer and Seller in imports. In exports, a PCIN would correspond to cargo covered under a single Shipping Bill. Having a PCIN for every cargo facilitates smooth filing of different declarations and removes duplicate filing effort, thereby simplifying the processes.
- **MCIN- Master Cargo Identification Number:** Since multiple cargoes can get consolidated under a consolidated Bill of Lading (BL), MCIN is the identification number assigned by Customs automated System for all the cargo covered under a consolidated BL. Each MCIN will be an aggregation of multiple PCINs. Referring to an MCIN in any subsequent manifest would mean reference to all the underlying PCINs.

**Mandatory Filing Requirements on Parallel Basis:**

7. Optional test filing for all messages are available from October, 2020 and all the stakeholders are hereby requested to start filing the messages as per the guidelines issued by DG Systems.

8. The implementation plan and timelines for mandatory compliance pertaining to various stakeholders, and the documents to be filed by them are as per annexure A to this Circular. The different stakeholders would be required to adhere to the timelines as laid down in column 4 of the annexure A. Any stakeholder not adhering to the implementation plan as per the time-lines of filing schedule shall be liable to penalty as authorised under Regulation 13 of the SCMTR, 2018.

9. The detailed guidelines and FAQs for different categories of stakeholders are available on ICEGATE (<https://www.icegate.gov.in/SeaManifestRegulation.html>) and may be kindly referred to.

The Circular can be accessed at: <https://www.cbic.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-43-2020.pdf>

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## CBIC issued Instructions for performance review of the Standing Counsels representing Department before High Courts



### Background

The CBIC has issued various Instructions from time to time so as to ensure that the appeals and petitions filed before Hon'ble High Courts in the country are defended and pursued efficaciously. Any adverse order by the High Court may have All India ramifications, and considering the limited scope of SLP under Article 136 of the Constitution of India, it becomes imperative that all possible steps are taken by the field formations to defend the interests of revenue before respective High Courts effectively. This necessarily entails monitoring of performance of the Standing Counsels, representing the Department before Hon'ble High Courts on a regular basis and taking any corrective steps including assignment/re-assignment of cases to the counsels accordingly.

### Instruction

There is a need to ensure regular and timely monitoring of the performance of the Counsels and to ensure proper assistance to them by the Department. Accordingly, in continuation to the *Board's earlier letter vide F. No. 278A/43/2007- Legal dated December 05, 2007*, the CBIC vide **Instruction F. No. 278A/36/2020-Legal dated September 30, 2020** stated following for immediate compliance:

1. The jurisdictional Principal Chief Commissioners/Principal DGs/Chief Commissioners/DGs shall monitor the performance of the Standing Counsels on monthly basis and submit a consolidated report, as mentioned at **Annexure A** (copy enclosed) to the Board.
2. The jurisdictional Principal Chief Commissioners/Principal DGs/Chief Commissioners/DGs shall also submit a monthly report for the new cases filed in High Court during the month, as mentioned at **Annexure B** (copy enclosed), to the Board.



3. Both the reports must be submitted before 03rd of the succeeding month, in MS WORD format only, at [osd-legal@gov.in](mailto:osd-legal@gov.in).

Apart from submission of above stated two reports, following be adhered by the field formations:

1. Allocation/re-allocation of cases to the Counsels may be done based on the performance of the Counsel.
2. The Counsels should be timely briefed by well conversant sufficiently senior Officer/s of the Commissionerate/ Directorate. The Counsels should be provided the contact details of the senior officers concerned for any urgent assistance.
3. The Principal Chief Commissioners/Principal DGs/Chief Commissioners/ DGs shall develop a mechanism for a regular open house interaction with the Standing Counsels. If a particular location has more than one Principal Chief Commissioners/ Chief Commissioners posted, the modalities of open house interaction may be decided amongst them. Such open house interactions should, preferably, be held quarterly.
4. Apart from regular open house interaction, Principal Commissioners/ Principal ADGs/Commissioners/ADGs may ensure regular and timely interaction with Counsels, specifically on important issues.
5. Counsels may also be sensitized to intimate the Department about the status of the pending matters on timely basis. Unless there is a justification, any last-minute intimation by the Counsels including request for para-wise comments, delay in informing the status of the cases etc. may also be taken into account, while assigning the cases to the Counsels.

Further reiterated that the Appeals/Petitions filed before High Court must be handled effectively and diligently, leaving no room for laxity. The success in the cases pending before Hon'ble High Court requires extensive deliberation and cooperation between the Commissionerates and the Counsels.

The Instruction can be accessed at: <https://www.cbic.gov.in/resources/htdocs-cbec/legalaffairs/Instruction%20reg%20Performance%20Review%20of%20the%20Counsels.pdf>

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**DGFT extends the validity of Pre-Shipment Inspection Agencies**

## DGFT Extends the validity of Pre-shipment Inspection Agencies

The DGFT vide **Public Notice No. 20/2015-2020 dated September 29<sup>th</sup>, 2020** has provided for Extension of Validity of Pre-Shipment Inspection Agencies as listed in Appendix 2G of A&ANF up to December 31<sup>st</sup>, 2020 or until the new list of PSIAs is notified, whichever is earlier.

The Public Notice can be accessed at: <https://content.dgft.gov.in/Website/dgftprod/ec0070ca-4064-4678-9e16-ef0bdd32b91b/Public%20Notice-20%20%20dt.%2029.09.2020-English.pdf>

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## Important Press Releases of the week

**GST collection in the month of September, 2020 is ₹ 95,480 crore**

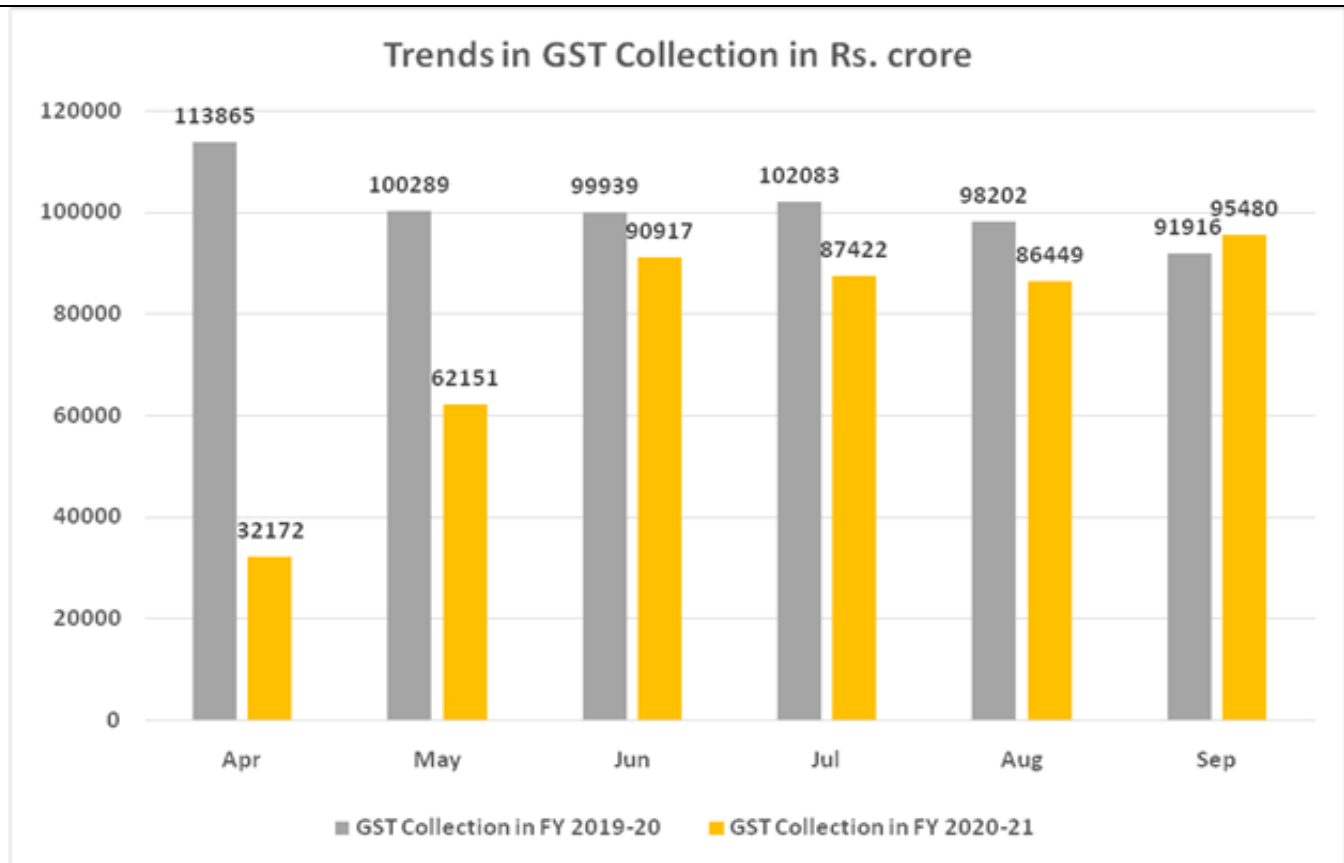


**The gross GST revenue collected in the month of September, 2020 is ₹95,480 crore** of which CGST is ₹17,741 crore, SGST is ₹23,131 crore, IGST is ₹47,484 crore (including ₹22,442 crore collected on import of goods) and Cess is ₹7,124 crore (including ₹788 crore collected on import of goods).

The government has settled ₹21,260 crore to CGST and ₹16,997 crore to SGST from IGST as regular settlement. The total revenue earned by Central Government and the State Governments after regular settlement in the month of September, 2020 is ₹39,001 crore for CGST and ₹40,128 crore for the SGST.

The revenues for the month are 4% higher than the GST revenues in the same month last year. During the month, the revenues from import of goods were 102% and the revenues from domestic transaction (including import of services) were 105 % of the revenues from these sources during the same month last year.

The chart shows trends in monthly gross GST revenues during the current year. The table shows the state-wise figures of GST collected in each State during the month of September 2020 as compared to September 2019 and for the full year.



The Press Release Can be accessed at: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1660608>

### CBIC issued press release on One time relaxation in implementation of E-invoice provisions for the month of October, 2020



The Government had in December 2019 prescribed that the GST Taxpayers having aggregate annual turnover more than Rs. 100 crores in any preceding Financial Year will be required to issue e-invoice for all the Business to Business (B2B) supplies, in the manner prescribed under rule 48(4) of the CGST Rules, 2017 w.e.f. 1st April



2020. Further, it was also mandated under rule 48(5) of the CGST Rules, 2017 that a B2B invoice or an export invoice issued by such a taxpayer, in any other manner, shall not be treated as an invoice. In March 2020, the date of implementation of e-invoice was extended to 1st October 2020. Keeping in view the hardships faced by the taxpayers due to COVID-19 lockdown, in July 2020, it was further prescribed that the taxpayers having aggregate turnover of Rs. 500 Cr. and above only would be required to issue e-invoice w.e.f. 1st October 2020.

It has been reported that even after more than 9 months of the first notification in this regard, some of these taxpayers having aggregate turnover of Rs. 500 Cr. and above are still not ready. Accordingly, as the last chance, in the initial phase of implementation of e-invoice, it has been decided that the invoices issued by such taxpayers during October 2020 without following the manner prescribed under rule 48(4), shall be deemed to be valid and the penalty leviable under section 122 of the CGST Act, 2017, for such non-adherence to provisions, shall stand waived if the Invoice Reference Number (IRN) for such invoices is obtained from the Invoice Reference Portal (IRP) within 30 days of date of invoice.

The same is illustrated with an example: In case a registered person has issued an invoice dated 3rd October, 2020 without obtaining IRN but reports the details of such invoice to IRP and obtains the IRN of the invoice on or before 2nd November, 2020 then it shall be deemed that the provisions of rule 48 (5) of the CGST Rules, 2017 are complied with and the penalty imposable under section 122 of the CGST Act, 2017 shall also stand waived. Relevant notifications would follow.

It may be noted that no such relaxation would be available for the invoices issued from 1st November 2020 and such invoices issued in violation of rule 48(4) of the CGST Rules 2017 would not be valid and all the applicable provisions of CGST Act and Rules would apply for the said violation.

Source: [https://twitter.com/cbic\\_india/status/1311353690352099333](https://twitter.com/cbic_india/status/1311353690352099333)

The Press Release can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/09/Press-Release-on-E-invoice.pdf>

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**PIB issued statistics of India's Merchandise Trade Preliminary data for the month of September, 2020**


**India's merchandise exports in September 2020 were USD 27.40 billion, as compared to USD 26.02 billion in September 2019, showing a positive growth of 5.27 percent.** Exports during April-September 2020-21 were USD 125.06 billion, exhibiting a negative growth of 21.43 percent over the same period last year. The value of merchandise imports in September 2020 was USD 30.31 billion, as compared to USD 37.69 billion in September 2019, a decline of 19.60 percent. Merchandise imports during April-September 2020-21 were USD 148.69 billion, as compared to USD 248.08 billion during the same period last year, exhibiting a negative growth of 40.06 percent. India is thus a net importer in September 2020, with a trade deficit of USD 2.91 billion, as compared to a trade deficit of USD 11.67 billion, showing a substantial improvement of 75.06 percent.

**In September 2020, the value of non-petroleum exports was USD 23.81 billion, registering a positive growth of 5.44 percent over September 2019.** The value of non-petroleum and non-gems and jewellery exports in September 2020 was USD 21.11 billion, as compared to USD 19.00 billion in September 2019, registering a positive growth of 11.12 percent. The cumulative value of non-petroleum and non-gems and jewellery exports in April-September 2020-21 was USD 104.35 billion, as compared to USD 118.65 billion for the corresponding period in 2019-20, exhibiting a decrease of 12.05 percent.

**In September 2020, Oil imports were USD 5.82 billion, as compared to USD 9.09 billion in September 2019, a decline of 35.92 percent. Oil imports in April-September 2020-21 were USD 31.85 billion, as compared to USD 65.20 billion, showing a decline of 51.14 percent.** Non-oil imports in September 2020 were estimated at USD 24.48 billion, as compared to USD 28.61 billion in September 2019, showing a decline of 14.41 percent. Non-oil imports in April-September 2020-21 were USD 116.83 billion, as compared to USD 182.88 billion, registering a decline of 36.12 percent during the same period of the last year. Non-oil and non-gold imports were USD 21.80 billion in September 2020, recording a negative growth of 13.29 percent, as compared to non-oil and non-gold imports of USD 25.14 billion in September 2019. Non-oil and non-gold imports were USD

104.85 billion in April-September 2020-21, recording a negative growth of 32.64 percent, as compared to non-oil and non-gold imports of USD 155.66 billion in April-September 2019-20.

**Major commodities of export which have recorded positive growth during September 2020 vis-à-vis September 2019 are:** Other cereals (304.71%), Iron ore (109.52%), Rice (92.44%), Oil meals (43.90%), Carpet (42.89%), Ceramic products and glassware (35.92%), Oilseeds (35.42%), Cereal preparations and the miscellaneous processed item (33.54%), Drugs and pharmaceuticals (24.36%), Handicrafts excl handmade carpet (21.40%), Meat, dairy and poultry products (19.96%), Jute mfg. including floor covering (18.62%), Cotton yarn/fabs./madeups, handloom products etc. (14.82%), Tobacco (11.09%), Rmg of all textiles (10.21%), Spices (10.07%), Plastic and linoleum (6.50%), Petroleum products (4.17%), Engineering goods (3.73%), Organic and inorganic chemicals (2.87%), Coffee (0.79%) and Electronic goods (0.04%).

Major commodities of export which have recorded negative growth during September 2020 vis-à-vis August 2019 are Cashew (-44.25%), Gems & Jewellery (-24.66%), Man-made yarn/fabs./made-ups etc. (-9.13%), Mica, Coal & other ores, minerals including processed minerals (-7.86%), Marine products (-5.41%), Leather & leather products (-3.67%), Fruits and vegetables (-3.00%), and Tea (-2.64%).

Major commodity groups of import showing negative growth in September 2020 over the corresponding month of last year are: Silver (-93.92%), Cotton Raw and Waste (-82.02%), Newsprint (-62.44%), Gold (-52.85%), Transport equipment (-47.08%), Leather & leather products (-43.80%) and Sulphur & Unroasted Iron Pyrts (-40.47%).

#### **MERCHANDISE TRADE: Preliminary Data, September 2020**

##### **Summary**

*Value in USD Billion*

	Total			Non-Petroleum			Non- Petroleum and Non-Gems & Jewellery		
	2019-20	2020-21	% change	2019-20	2020-21	% change	2019-20	2020-21	% change
<b>Exports</b>	26.02	27.4	5.27	22.59	23.81	5.44	19.00	21.11	11.12
<b>Imports</b>	37.69	30.31	-19.6	28.61	24.49	-14.41	25.14	21.80	-13.29
<b>Deficit</b>	-11.67	-2.91	-75.06	-6.02	-0.67	-88.87	-6.14	-0.68	-88.85

##### **Change by top Commodity Groups**

*Value in USD Million*

	Top Increase			Top Decline		
	Commodity group	Change in value	% change	Commodity group	Change in value	% change
<b>Export</b>	DRUGS AND PHARMACEUTICALS	438.88	24.36	GEMS AND JEWELLERY	-884.54	-24.66





Following the call of the Hon'ble Prime Minister, Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman laid down the details of the Aatma Nirbhar Bharat Package in a string of press conferences from 13<sup>th</sup> May to 17<sup>th</sup> May 2020.

The Ministries of Finance & Corporate Affairs have immediately started the implementation of the announcements related to the Economic Package under Aatma Nirbhar Bharat Package (ANBP). Regular reviews and monitoring of the implementation of the economic package is being overseen by the Finance Minister personally.

**In the latest review pertaining to Ministries of Finance & Corporate Affairs taken by Smt. Nirmala Sitharaman here today, the following progress has been reported so far:**

### 1. Rs 3 lakh crore Collateral-free Automatic Loans for Businesses, including MSMEs

To provide relief to the business, additional working capital finance of 20% of the outstanding credit as on 29th 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 lakh crore to more than 45 lakh MSMEs.

After taking Cabinet approval on 20.05.2020, the Department of Financial Services issued Operational Guidelines for the Scheme on 23.05.2020, and Emergency Credit Line Guarantee Scheme (ECLGS) Fund was registered on 26.05.2020. Guidelines amended on 4.8.2020 to include Individual loans for business, enhance loan outstanding ceiling to Rs 50 crore and annual turnover ceiling to Rs 250 crore.

As reported on 29.09.2020, by 12 Public Sector Banks, top 24 Private Sector Banks & 31 NBFCs, the total amount sanctioned to Non -Individual & individuals, under the 100% Emergency Credit Line Guarantee Scheme stands at Rs 1,86,469 crore, of which Rs 1,32,246 crore has already been disbursed to 2,709,027 borrowers.

Bank-Category-wise – ECLGS/GECL Daily reporting format (Data - 29.09.2020)				
Non-Individual Sanction and Disbursement Daily Reporting				
Bank	Number of Accounts (Actual Figures)		Amount (Rs. In crores)	
	Cumulative Sanctioned	Cumulative Disbursement	Cumulative Sanctioned	Cumulative Disbursement
Public Sector Banks (PSBs)	33,75,007	21,87,793	80,060.50	66,848.34
Private Sector Banks (Pvts)	7,25,789	3,39,517	86,167.44	57,984.84
<b>Sub-Total -- PSBs &amp; PVTs</b>	<b>41,00,796</b>	<b>25,27,310</b>	<b>1,66,227.94</b>	<b>1,24,833.18</b>
NBFCs	50,440	30,777	2,932.30	2,083.17
<b>Total (Non Individual)</b>	<b>41,51,236</b>	<b>25,58,087</b>	<b>1,69,160</b>	<b>1,26,916</b>
Source: 12 Public Sector Banks (PSBs) & 24 Private Sector Banks & 31 NBFCs				
Individual Sanction and Disbursement Daily Reporting				
Public Sector Banks (PSBs)	36,960	22,472	1,119.84	545.06
Private Sector Banks (Pvts)	2,51,454	38,162	8,893.35	2,755.88
<b>Sub-Total -- PSBs &amp; PVTs</b>	<b>2,88,414</b>	<b>60,634</b>	<b>10,013.20</b>	<b>3,300.95</b>
NBFCs	6,18,362	90,306	7,295.77	2,028.82
<b>Total (Individual)</b>	<b>9,06,776</b>	<b>1,50,940</b>	<b>17,309</b>	<b>5,330</b>
Source: 12 Public Sector Banks (PSBs) & 24 Private Sector Banks				

## **2. Rs 45,000 crore Partial Credit Guarantee Scheme 2.0 for NBFCs, HFCs and MFIs to do fresh lending to MSMEs & individuals**

Under Revised Guidelines issued on 17.08.2020, additional 3 months have been allowed, till 19.11.2020, for building portfolio and to increase ceiling for AA/AA- rated bonds from 25% to 50% of total portfolio.

As on 25<sup>th</sup> September 2020, Banks have approved purchase of portfolio of Rs 25,505 crore and are currently in process of approval/ negotiations for Rs. 3,171 crore. As reported by PSBs on 25<sup>th</sup> September 2020, portfolio of Rs 16,401 crore has been purchased.

## **3. Rs 30,000 crore Additional Emergency Working Capital Funding for farmers through NABARD**

As on 25th September, 2020, Rs. 25,000 crore has been disbursed out of this special facility. Balance amount of Rs. 5,000 crore under Special Liquidity Facility (SLF) allocated to NABARD by RBI for smaller NBFCs and NBFC-MFIs.

NABARD is finalising the operational guidelines to roll out disbursement out of this facility.

## **4. Rs 30,000 crore Special Liquidity Scheme for NBFCs/HFCs/MFIs**

SBICAP was assigned to set up a SPV to implement the Scheme. The Scheme was launched through a Press Release dated July 1, 2020. On the same day the regulator RBI also issued a circular to NBFCs and HFCs on the Scheme.

As on 30th September 2020, thirty nine (39) proposals involving an amount of Rs.11,120 crore have been approved. Out of this sanctioned amount, Rs 7,227 crore has been disbursed whereas Rs 182 crore will not be availed. The remaining sanctions of Rs 3,707 crore have lapsed. This Scheme has been closed on 30<sup>th</sup> September, 2020.

## **5. Rs. 1,500 crore Interest Subvention for MUDRA-Shishu Loans**

The current portfolio of MUDRA-Shishu loans is Rs 1.62 lakh crore (Maximum loan amount of Rs. 50,000). The Cabinet approved the Scheme on 24.6.2020 and guidelines of the Scheme were issued on 26.6.2020. However, 86% of eligible accounts were on moratorium till 31. 8.2020. Budget allocation of Rs. 1,232 crore made for FY 2020-21 and Rs. 120 crore released to SIDBI on 7th September 2020.

## **6. Rs 2 lakh crore Concessional credit boost to 2.5 crore farmers through Kisan Credit Cards in a Special Drive**

In Phase I, 58.12 lakh KCC cards with KCC limit of Rs. 46,330 crore had been sanctioned.

Under Phase II, as on 25th September 2020, a total number of 83.03 lakh KCC with KCC limit of Rs. 78,999.80 crore has been sanctioned. Following is the break-up of this 80.46 lakh KCC sanctioned in Phase II:

<b>Area in which KCC sanctioned</b>	<b>Number of KCC sanctioned</b>
• Crop Loan	- 70.31 lakh
• Crop loan with AH or fisheries activities	- 1.92 lakh
• Dairy	- 2.97 lakh

- Poultry, cattle & sheep rearing, etc - 21,961
- Fisheries -10,622

## 7. Rs 50,000 crore liquidity through TDS/TCS rate reduction

Legislative amendments to give effect to this announcement was incorporated in The Taxation and Other Laws (Relaxation and Amendment of Certain provisions) Bill, 2020 which was introduced in the Lok Sabha on 18th September 2020. **After, the assent of Hon'ble President**, The Taxation and Other Laws (Relaxation and Amendment of certain provisions) Act, 2020 has been notified on 29<sup>th</sup> September, 2020.

## 8. Other Direct Tax Measures:

During the Current Financial Year, a number of 33, 53,898 refunds amounting to Rs.1,18,324 crore have been issued. Remaining refunds are under process.

Summary (Current FY)	Income Tax		Corporate Tax		Total	
Total Refunds issued till 29.09.2020	Count	Amt in Rs. Cr	Count	Amt in Rs. Cr	Count	Amt in Rs. Cr
	31,75,358	32,230.00	1,78,540	86,094.00	33,53,898	1,18,324.00

Under the ANBP, the following was announced:

- **Due date of all income-tax return** for FY 2019-20 will be extended from 31<sup>st</sup> July, 2020 & 31<sup>st</sup> October, 2020 to 30<sup>th</sup> November, 2020 and Tax audit from 30<sup>th</sup> September, 2020 to 31<sup>st</sup> October, 2020
- **Date of assessments getting barred** on 30<sup>th</sup> September, 2020 will be extended to 31<sup>st</sup> December, 2020 and those getting barred on 31<sup>st</sup> March, 2021 will be extended to 30<sup>th</sup> September, 2021.
- **Period of Vivad se Vishwas Scheme** for making payment without additional amount will be extended to 31<sup>st</sup> December, 2020.

Legislative amendments to give effect to these announcements were incorporated in The Taxation and Other Laws (Relaxation and Amendment of Certain provisions) Bill, 2020 which was introduced in the Lok Sabha on 18<sup>th</sup> September 2020. After, the assent of Hon'ble President, The Taxation and Other Laws (Relaxation and Amendment of certain provisions) Act, 2020 has been notified on 29<sup>th</sup> September, 2020.

## 9. Further enhancement of Ease of Doing business through IBC related measure:

The Government has raised the threshold of default under section 4 of the IBC, 2016 to 1 crore (from the existing threshold of Rs 1 lakh) vide Notification dated 24.6.2020.

A special resolution under section 240A of the Code, to provide relief to the MSMEs is being finalized and the same would be notified soon.

Insolvency and Bankruptcy Code (Second Amendment) Act, 2020 has been notified on 23<sup>rd</sup> September, 2020 with effect from 5<sup>th</sup> June, 2020 thereby providing insertion of Section 10A in the Insolvency and Bankruptcy Code 2016 (Code) to temporarily suspend initiation of Corporate Insolvency Resolution Process (CIRP) under Sections 7, 9 and 10 of the Code for a period of six months or such further period, not exceeding one year,

from 25<sup>th</sup> March, 2020. The benefit of the proposed suspension will be available to all those defaults of the corporate debtor that occur from 25<sup>th</sup> March 2020 and till the end of the period of suspension. Further, such defaults arising between the 25<sup>th</sup> March, 2020 and till the completion of the suspension period will remain as *non-est* for the purpose of initiation of CIRP under the Code as a permanent carve-out. Section 66 of the Code is also amended to disallow the resolution professional from filing application of action against the directors or partners of the corporate debtor with respect of such default.

#### **10. Decriminalization of Companies Act defaults**

The Companies (Amendment) Bill, 2020, has been passed by Lok Sabha on 19th September, 2020 and by Rajya Sabha on 22nd September, 2020. After, the assent of Hon'ble President, The Companies (Amendment) Act, 2020 has been notified on 28<sup>th</sup> September, 2020.

#### **11. Ease of Doing Business for Corporates:**

The Companies (Amendment) Bill, 2020, has been passed by Lok Sabha on 19th September, 2020 and by Rajya Sabha on 22nd September, 2020. After, the assent of Hon'ble President, The Companies (Amendment) Act, 2020 has been notified on 28<sup>th</sup> September, 2020.

The Press Release can be accessed at: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1660691>

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## Important Updates of the week

CBIC released updated CGST Act, 2017 upto September 30, 2020



The CBIC has released a copy of the CGST Act as **updated till September 30, 2020**.

To access the updated CGST Act, please click here: <https://www.a2ztaxcorp.com/draft-model-gst-law/>

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## Compliance Calendar for the month of October, 2020

# Compliance Calendar

for the month of

# October, 2020

[www.a2ztaxcorp.com](http://www.a2ztaxcorp.com)



Important dates in October, 2020 for compliance under GST are as follows: –

Due Dates	Forms	Period	Description
October 31, 2020	GSTR-1	2 <sup>nd</sup> Quarter (July-September, 2020)	Taxpayers having an aggregate turnover up to <b>than Rs. 1.50 Crores (&lt; Rs 1.50 Cr)</b> or <b>opted to file Quarterly Return</b>
October 11, 2020	GSTR-1	September, 2020	Taxpayers having an aggregate turnover of <b>more than Rs. 1.50 Crores (&gt; Rs 1.50 Cr)</b> or <b>opted to file Monthly Return</b>
October 01, 2020	GSTR-3B	August, 2020	<p>Taxpayer having turnover up to ₹5 crores in previous financial year (monthly return) in the state of:</p> <ul style="list-style-type: none"> <li>• Chhattisgarh</li> <li>• Madhya Pradesh</li> <li>• Gujarat</li> <li>• Daman and Diu and Dadra and Nagar Haveli</li> <li>• Maharashtra</li> <li>• Karnataka</li> <li>• Goa</li> <li>• Lakshadweep</li> <li>• Kerala</li> <li>• Tamil Nadu</li> <li>• Puducherry</li> <li>• Andaman &amp; Nicobar island</li> </ul>



			<ul style="list-style-type: none"> <li>• Telangana</li> <li>• Andhra Pradesh</li> </ul>
October 03, 2020	GSTR-3B	August, 2020	<p>Taxpayer having turnover up to ₹5 crores in previous financial year (monthly return) in the state of:</p> <ul style="list-style-type: none"> <li>• Jammu and Kashmir</li> <li>▪ Ladakh</li> <li>▪ Himachal Pradesh</li> <li>▪ Punjab</li> <li>▪ Chandigarh</li> <li>▪ Haryana</li> <li>▪ Delhi</li> <li>▪ Rajasthan</li> <li>▪ Uttar Pradesh</li> <li>▪ Bihar</li> <li>▪ Sikkim</li> <li>▪ Arunachal Pradesh</li> <li>▪ Nagaland</li> <li>▪ Manipur</li> <li>▪ Mizoram</li> <li>▪ Tripura</li> <li>▪ Meghalaya</li> <li>▪ Assam</li> <li>▪ West Bengal</li> <li>▪ Jharkhand</li> <li>▪ Odisha</li> <li>▪ Uttarakhand</li> </ul>
October 22, 2020	GSTR-3B	September, 2020	<p>Taxpayer having turnover up to ₹5 crores in previous financial year (monthly return) in the state of:</p> <ul style="list-style-type: none"> <li>▪ Chhattisgarh</li> <li>▪ Madhya Pradesh</li> <li>▪ Gujarat</li> <li>▪ Daman and Diu and Dadra and Nagar Haveli</li> <li>▪ Maharashtra</li> <li>▪ Karnataka</li> <li>▪ Goa</li> <li>▪ Lakshadweep</li> <li>▪ Kerala</li> <li>▪ Tamil Nadu</li> <li>▪ Puducherry</li> <li>▪ Andaman &amp; Nicobar island</li> <li>▪ Telangana</li> </ul>

			<ul style="list-style-type: none"> <li>▪ <b>Andhra Pradesh</b></li> </ul>
October 24, 2020	GSTR-3B	September, 2020	<p>Taxpayer having turnover up to ₹5 crores in previous financial year (monthly return) in the state of:</p> <ul style="list-style-type: none"> <li>• Jammu and Kashmir</li> <li>▪ Ladakh</li> <li>▪ Himachal Pradesh</li> <li>▪ Punjab</li> <li>▪ Chandigarh</li> <li>▪ Haryana</li> <li>▪ Delhi</li> <li>▪ Rajasthan</li> <li>▪ Uttar Pradesh</li> <li>▪ Bihar</li> <li>▪ Sikkim</li> <li>▪ Arunachal Pradesh</li> <li>▪ Nagaland</li> <li>▪ Manipur</li> <li>▪ Mizoram</li> <li>▪ Tripura</li> <li>▪ Meghalaya</li> <li>▪ Assam</li> <li>▪ West Bengal</li> <li>▪ Jharkhand</li> <li>▪ Odisha</li> <li>▪ Uttarakhand</li> </ul>
October 20, 2020	GSTR-3B	September, 2020	Taxpayers having an aggregate turnover <b>more than rupees 5 Crores (&gt; Rs 5 Cr)</b> in the preceding financial year
October 31, 2020	GSTR-4	F.Y. 2017-18 to 2019-20	Filing of Annual Return i.e. <b>GSTR-4</b> by the Composition Dealer for the financial year 2019-2020
October 20, 2020	GSTR-5 & 5A	September, 2020	<b>Non-resident taxable person and ODIAR services provider file Monthly GST Return</b>
October 13, 2020	GSTR-6	September, 2020	<b>Every Input Service Distributor (ISD)</b>

<b>October 10, 2020</b>	<b>GSTR-7</b>	September, 2020	Return for Tax Deducted at source to <b>be filed by Tax Deductor</b>
<b>October 10, 2020</b>	<b>GSTR-8</b>	September, 2020	E-Commerce operator registered under <b>GST liable to TCS</b>
<b>October 31, 2020</b>	<b>GSTR-9/ 9C</b>	F.Y. 2018-19	<b>GSTR 9 / 9C Annual Filing</b>
<b>October 25, 2020</b>	<b>ITC - 04</b>	2 <sup>nd</sup> Quarter (July-September, 2020)	ITC-04 is a quarterly Form. It must be furnished on or before 25 <sup>th</sup> day of the month succeeding the quarter. Details to be furnished in ITC-04 - Goods sent to Job Worker and Goods received back from the Job Worker
<b>October 18, 2020</b>	<b>CMP-08</b>	2 <sup>nd</sup> Quarter (July-September, 2020)	Statement-cum-challan to declare the details or summary by Composition dealer for tax payable for the previous quarter

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## Videos of the week

Intricacies in GST ITC and Place of Supply || CA Bimal Jain



Intricacies in  
GST ITC and  
Place of Supply

CA Bimal Jain



You can access the complete video on “Intricacies in GST ITC and Place of Supply || CA Bimal Jain” at following link: <https://youtu.be/mVOc2drAgc>

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## Overview on intricacies in Zero Rated Supply including SEZ Transactions || CA Bimal Jain

A portrait of CA Bimal Jain, a man with dark hair wearing a dark suit, white shirt, and a purple patterned tie, set against an orange background.

Overview on Intricacies  
in Zero Rated Supply  
Including SEZ Transactions

CA Bimal Jain



You can access the complete video on “**Overview on Intricacies in Zero Rated Supply Including SEZ Transactions || CA Bimal Jain**” at following link: <https://youtu.be/UGDRLY-jTpI>

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## 4 important changes announced in GST on September 30, 2020 || CA Bimal Jain



4 Important Changes  
announced in GST on  
September 30, 2020

CA Bimal Jain



You can access the complete video on “4 Important Changes announced in GST on September 30, 2020 || CA Bimal Jain” at following link: [https://youtu.be/O\\_e7zJI3NgE](https://youtu.be/O_e7zJI3NgE)

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Compliance of GST ITC as per GSTR 2A - GSTR 2B - Rule 36(4) in GSTR 3B of September || CA Bimal Jain



Compliance of GST  
ITC as per GSTR 2A -  
GSTR 2B - Rule  
36(4) in GSTR 3B of  
September



CA Bimal Jain



You can access the complete video on “Compliance of GST ITC as per GSTR 2A - GSTR 2B - Rule 36(4) in GSTR 3B of September || CA Bimal Jain” at following link: <https://youtu.be/YOw3ue9PAUo>

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## Income Tax

## Important Notification, Circulars, etc.

## CBDT issued Income tax (22nd Amendment) Rules, 2020



# Central Board of Direct Taxes (CBDT)

The CBDT vide **Notification No. 82/2020- Income Tax dated October 1, 2020** issued Income tax (22nd Amendment) Rules, 2020 to notify changes in Form 3CD, Form No 3CEB and ITR6. Further, amended Rule 5 of Income Tax Rules, 1962 and inserted new Rules and Forms namely:

- Rule 21AG- Exercise of option under sub-section (5) of section 115BAC
- Rule 21AH- Exercise of option under sub-section (5) of section 115BAD
- FORM No. 10-IE- Application for exercise/ withdrawal of option under clause (i) of sub-section (5) of Section 115BAC of the Income-tax Act, 1961
- FORM No. 10-IF- Application for exercise of option under sub-section (5) of Section 115BAD of the Income-tax Act, 1961.

The Rules can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/10/222194.pdf>

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## CBDT extends the time limit for compulsory selection of returns for Complete Scrutiny during the F.Y. 20-21



### Background:

The CBDT vide *Board's letter dated September 17, 2020* issued Guidelines for compulsory selection of returns for Complete Scrutiny during the Financial Year 2020-21.

Following time limits were prescribed for completion of certain actions:

- *"Selection of cases for compulsory scrutiny on the basis of the prescribed parameters shall be completed by September 30, 2020.*
- *The Survey Cases with impounded materials have to be transferred to the Central Charges under section 127 of the Income-tax Act, 1961 (Act) within 15 days of issue of notice u/s 143(2) of the Act.*
- *Search cases u/s 153C of the Act, if lying outside the Central Charges, have to be transferred to the Central Charges u/s 127 of the Act within 15 days of issue of notice u/s 143(2) of the Act "*

### Circular:

In this regard, the CBDT issued ***Circular vide F. No. 225/126/2020-ITA-II dated September 30, 2020***, to extend the date for selection of cases for Compulsory Scrutiny on the basis of prescribed parameters, as communicated vide ***Board's letter dated September 17, 2020 from September 30, 2020 to October 31, 2020***.

Further, clarified that even though the new statutory time limit as per the Taxation and other laws (Relaxations and amendment of certain provisions) Act, 2020 for selection of cases for Compulsory Scrutiny on the basis of prescribed parameters was extended to March 31, 2021, still for the purpose of timely

allocation of cases to NeAC, the above time limit will have to be strictly adhered to, otherwise, the allocation of cases to NeAC will get considerably delayed.

Furthermore, for the same reasons as mentioned in para above, the cases covered under the scenarios mentioned in Para (b) and (c) above shall be transferred to the Central Charges by issue of orders under Section 127 of the Income Tax Act, 1961 immediately after service of notice under Section 143(2) of the Income Tax, 1961.

The Circular Can be accessed at: <http://www.a2ztaxcorp.com/wp-content/uploads/2020/10/CBDT-CIRCULAR-30-09-2020.pdf>

#### IT Department issues guidelines for applicability of TCS provision w.e.f. October 01, 2020



**The Income Tax Department on Tuesday issued guidelines for the applicability of the TCS provision which requires an e-commerce operator to deduct 1 percent tax on the sale of goods and services with effect from October 01, 2020.**

The Finance Act, 2020 inserted a new section 194-O in the Income-tax Act 1961 which mandates that with effect from October 01, 2020, an e-commerce operator shall deduct income tax at the rate of 1 percent of the gross amount of sale of goods or provision of service or both, facilitated through its digital or electronic facility or platform.

**The Finance Act, 2020, also inserted sub-section (1 H) in section 206C in the I-T Act which mandates that with effect from October 01, 2020, a seller will collect 0.1 percent tax from the buyer if the sale consideration exceeds Rs 50 lakh or if aggregate sale value exceeded Rs 50 lakh in any previous year.**

The Central Board of Direct Taxes (CBDT) said it has received representations regarding difficulties in implementing the provisions of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) contained



in section 194-O and sub-section (1 H) of section 206C of the Act in case of certain exchanges and clearing corporations.

It has been stated that sometime in these transactions there is no one-to-one contract between the buyers and the sellers.

The CBDT said the new introduced TCS provisions would not apply to transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by recognised clearing corporation, including recognised stock exchanges or recognised clearing corporation located in International Financial Service Centre.

It would also not apply to transactions in electricity, renewable energy certificates and energy saving certificates traded through power exchanges.

The Complete Guidelines can be accessed at: [https://www.incometaxindia.gov.in/communications/circular/circular\\_17\\_2020.pdf](https://www.incometaxindia.gov.in/communications/circular/circular_17_2020.pdf)

Read More at: <https://economictimes.indiatimes.com/news/economy/policy/it-department-issues-guidelines-for-applicability-of-tcs-provision-with-effect-from-oct-1/articleshow/78391878.cms>

#### **CBDT extends the due date for filing ITRs for A.Y. 2019-20 till November 30, 2020**



#### **Background:**

The date for furnishing of Income-tax returns under Section 139 of the Income-tax Act, 1961 (“the IT Act”) for the Assessment Year 2019-20 was March 31, 2020. However, on consideration of difficulties being faced by the taxpayers due to the COVID-19 pandemic, the said date was initially extended to June 30, 2020 and subsequently to July 31, 2020 and September 30, 2020 vide the Taxation and other laws (Relaxations of certain

provisions), Ordinance dated March 31, 2020, *Notification No. 35/2020 dated June 24, 2020* and *Notification No.56/2020 dated July 29, 2020* respectively.

**Order:**

On further consideration of genuine difficulties being faced by the taxpayers due to the outbreak of the COVID-19 pandemic, the ***CBDT vide F. No. 225/150/2020-ITA-II dated September 30, 2020***, in the exercise of powers conferred under Section 119(2)(a) of the IT Act **further extended the date for furnishing of belated and revised returns for the Assessment Year 2019-20 under sub-section (4) and (5) of Section 139 of the IT Act respectively, from September 30, 2020 to November 30, 2020.**

The Order can be accessed at: [https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/418/Order\\_119\\_IT\\_ACT\\_Extension\\_dates\\_for\\_filing\\_ITRs\\_AY2019\\_20.pdf](https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/418/Order_119_IT_ACT_Extension_dates_for_filing_ITRs_AY2019_20.pdf)

**CBDT issues Order to upload information relating to GST Returns in Annual Information Statement in Form 26AS**



## Central Board of Direct Taxes (CBDT)

The CBDT in an ***Order dated September 29<sup>th</sup>, 2020*** has in exercise of the powers conferred under Section 119 of the Income Tax Act, 1961 read with sub-rule (2) of Rule 114-I of the Income Tax Rules, 1962 authorized the Principal Director of Income Tax (Systems) or the Director General of Income Tax (Systems) to upload information relating to GST return, which is in his possession, in the Annual Information Statement in Form 26AS, within three months from the end of the month in which the information is received by him.

The Principal Director General of Income Tax (Systems) or the Director General of Income Tax (Systems) shall specify the procedures, formats, and standards for the purposes of uploading of Annual Information Statement in Form 26AS containing the information referred to in para above.

The Order can be accessed at: [https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/417/Order\\_CBDT\\_Information\\_relatating\\_GST\\_Rule\\_114I\\_29\\_9\\_20.pdf](https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/417/Order_CBDT_Information_relatating_GST_Rule_114I_29_9_20.pdf)

## Important Press Releases of the week

### ITR: No requirement of scrip wise reporting for day trading and short-term sale or purchase of listed shares



There was a report in certain section of media that stock traders/day traders are required to furnish scrip wise details in the return of income for AY 2020-21. The gain from share trading in the case of stock traders or day traders is generally categorised as short-term capital gains or business income. **This is because their holding period of shares/units in most of the cases is less than one year which is a prerequisite for the gains to be categorised as long-term capital gains.** As there is no requirement in the return of income for scrip wise reporting in case of short-term/business income arising from share transactions, these reports are distorted and misleading.

The Finance Act, 2018 allowed exemption to the gains made on the listed shares/specified units up to 31.01.2018 by introducing grandfathering mechanism for the computation of long-term capital gains for these shares. **The scrip wise details in the return of income for AY 2020-21 is required to be filled up only for the reporting of the long-term capital gains for these shares/units which are eligible for the benefit of grandfathering.**

As the grandfathering is to be allowed by comparing different values (such as cost, sale price and market price as on 31.01.2018) for each shares/units, there is a need to capture the scrip wise details for computing capital gains of these shares/units. The scrip wise details are not required in income tax return forms for AY 2020-21 for computation of capital gains/business income from shares/units which are not eligible for grandfathering.

Without this reporting requirement, there may be situations where taxpayer may not claim or wrongly claim the benefit of grandfathering due to lack of understanding of the provisions. Also, if the above calculation is not made scrip wise and taxpayer is allowed to enter the total figures only, there will be no way for the income tax authorities to check the correctness of the claim and therefore many returns will require to be audited, which may lead to unnecessary grievances/rectifications at a later stage. If scrip wise long-term gain is

available, it can be cross verified by the Department electronically with stock exchange, brokerage companies, etc and there will be no need to subject these income tax returns to further audits or scrutiny.

Thus, the main intent behind requiring scrip wise detail is to facilitate the taxpayer incorrectly computing the long-term capital gains on these shares/units. The requirement to provide scrip wise information in the income tax return is not unique to India. Internationally also, the taxpayer is required to provide scrip wise information for reporting capital gains. For example in the USA, a taxpayer having capital gains from the transfer of shares is required to fill scrip wise details in Schedule-D of Form 1040 income tax return form in the USA.

The Press Release can be accessed at: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1659412>

### CBDT issues press release clarifying on doubts arising on account of new TCS provisions



**There are reports in certain sections of media wherein certain doubts have been raised regarding the applicability of the provisions relating to Tax Collection at Source (TCS) on certain goods introduced vide Finance Act, 2020.** This press note is being issued to clarify those doubts about the applicability of these provisions.

Finance Act, 2020 amended provisions relating to TCS with effect from 1st October, 2020 to provide that seller of goods shall collect tax @ 0.1 percent (0.075% up to 31.03.2021) if the receipt of sale consideration from a buyer exceeds Rs. 50 lakh in the financial year. Further, to reduce the compliance burden, it has been provided that a seller would be required to collect tax only if his turnover exceeds Rs. 10 crore in the last financial year. Moreover, the export of goods has also been exempted from the applicability of these provisions.

It has been reported in the media that TCS has been made applicable to the amount received before 1st October, 2020. It is clarified that this report is not correct. In this connection, it may be noted that this TCS shall be applicable only on the amount received on or after 1st October, 2020. For example, a seller who has received Rs. 1 crore before 1st October, 2020 from a particular buyer and receives Rs. 5 lakh after 1st October, 2020 would be required to collect tax on Rs. 5 lakh only and not on Rs. 55 lakh [i.e Rs.1.05 crore - Rs. 50 lakh (threshold)] by including the amount received before 1st October, 2020.



It has also been reported in certain section of the media that every transaction will attract this TCS. This report is not correct. It may be noted that this TCS applies only in cases where receipt of sale consideration exceeds Rs. 50 lakh in a financial year. As the threshold is based on the yearly receipt, it may be noted that only for the purpose of calculation of this threshold of Rs. 50 lakh, the receipt from the beginning of the financial year i.e. from 1st April, 2020 shall be taken into account. For example, in the above illustration, the seller has to collect tax on receipt of Rs. 5 lakh after 1st October, 2020 because the receipts from 1st April, 2020 i.e. Rs. 1.05 crore exceeded the specified threshold of Rs. 50 lakh.

Further, the seller in most of the cases maintains running account of the buyer in which payments are generally not linked with a particular sale invoice. Therefore, in order to simplify and ease the compliance of the collector, it may be noted that this TCS provision shall be applicable on the amount of all sale consideration received on or after 1st October, 2020 without making any adjustment for the amount received in respect of sales made before 1st October, 2020. Mandating the collector to identify and exclude the amount in respect of sales made up to 30th September, 2020 from the amount received on or after the 1st of October, 2020 would have resulted into undue compliance burden for the collector and also litigation.

It has been reported in certain section of the media that this TCS is an additional tax. This is obviously not correct. In this regard, it may be noted that TCS is not an additional tax but is in the nature of advance income-tax/TDS for which the buyer would get the credit against his actual income tax liability and if the amount of TCS is more than his tax liability, the buyer would be entitled for refund of the excess amount along with interest.

It may also be noted that this TCS shall be applicable only on the receipt exceeding Rs. 50 lakh by a seller from a particular buyer. Therefore, on payment of Rs. 1 crore made by a buyer to a particular seller only Rs.5,000 (Rs. 3,750 this year) i.e. [0.1% of (Rs. 1 crore - Rs. 50 lakh)] shall be collected. Hence, in case of a person making payment of Rs.1 crore each to 10 different sellers, the total tax collected shall be only Rs.50,000 (Rs. 37,500 this year) i.e.  $10 \times [0.1\% \text{ of } (\text{Rs. 1 crore} - \text{Rs. 50 lakh})]$  on the total payment made for purchase of Rs. 10 crore to ten different sellers.

Assuming a net profit of 8% on sales, his business income in respect of this payment of Rs. 10 crore made for purchase would be around Rs. 87 lakh. The income-tax liability on the income of Rs. 87 lakh for an individual in the new taxation regime would be around Rs. 27 lakh. Hence, the amount of TCS collected i.e. Rs.50,000 (Rs. 37,500 this year) would be a miniscule part of his actual tax liability and would be easily adjusted against his tax liability. In a rare case, if his tax liability is less than even Rs.50,000 (Rs. 37,500 this year), he shall be entitled for refund of excess TCS with interest.

It has also been reported in certain section of media that every seller will have to collect TCS. This is also not correct. In this context, it may be noted that in order to reduce the compliance burden, this TCS is made applicable to only those sellers whose business turnover exceeds Rs. 10 crore. In other words, those having turnover of less than Rs. 10 crore will not be required to collect TCS. There are only around 3.5 lakh persons who have disclosed business turnover of more than Rs. 10 crore in FY 2018-19. There are around 18 lakh entities which already deal with TDS/TCS. Therefore, this TCS collection under these new provisions would be required to be made by persons who, in most of the cases, would already be complying with the other provisions of TDS/TCS.

The Press Release can be accessed at: <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1660392>



## Important Updates of the week

CNBC-TV18: Net direct Tax mop-up seen around Rs 3.33 Lakh cr as of 4<sup>th</sup> week of September



CNBC-TV18   
@CNBCTV18Live



Net direct **#Tax** mop-up seen around Rs 3.33 Lk cr as of previous week of Sep: **#Sources**

### Net Direct Tax Mop Seen Around Rs 3.33 Lk Cr As Of Previous Week Of September: Sources



- Net Direct Tax Mop Up At Rs 1.93 Lk Cr During April-August
- Net Direct Taxes In Sep Up 72% Over Aug On Advance Tax But Asking Rate Higher
- Asking Rate For Direct Taxes Increases To Rs 1.62 Lk Cr A Month Vs Rs 1.08 Lk Cr
- Direct Tax Target Likely To Be Reset Lower In Revised Est Due To COVID
- April-Sep Direct Tax Mop Up Down 28% YoY

**#Sources**

As per the recent tweet of CNBC-TV18, the **Government sources say the Net Direct Tax Mop Seen Around Rs 3.33 Lakh Crore As of the Previous Week of September.**

- Net Direct Tax Mop up at Rs 1.93 Lakh Crore During April-August
- Net Direct Taxes in Sep up 72% Over Aug on Advance Tax but Asking Rate Higher
- Asking Rate for Direct Taxes Increases to Rs 1.62 Lakh Crore a Month vs Rs 1.08 Lakh Crore
- Direct Tax Target Likely to be Reset Lower in Revised Est Due to COVID-19
- April-Sep Direct Tax Mop up Down 28% YoY

Source: <https://twitter.com/CNBCTV18Live/status/1310505146497949696>

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**CBDT has issued refunds of over Rs. 1,18,324 crore to more than 33.54 lakh taxpayers between April 01, 2020 to September 29, 2020**



**Income Tax India** ✓  
@IncomeTaxIndia

CBDT issues refunds of over Rs. 1,18,324 crore to more than 33.54 lakh taxpayers between 1st April,2020 to 29th September,2020. Income tax refunds of Rs. 32,230 crore have been issued in 31,75,358cases & corporate tax refunds of Rs. 86,094 crore have been issued in 1,78,540cases.

As per the recent tweet of Income Tax India, the **CBDT issues refunds of over Rs. 1,18,324 crore to more than 33.54 lakh taxpayers between April 01, 2020 to September 29, 2020**. Income tax refunds of Rs. 32,230 crore have been issued in 31,75,358 cases & corporate tax refunds of Rs. 86,094 crore have been issued in 1,78,540 cases.

Source: <https://twitter.com/IncomeTaxIndia/status/1311244699659722753>

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## GST News Flash

- **GST Council to discuss extending cess levy till 2024**

<https://www.a2ztaxcorp.com/gst-council-to-discuss-extending-cess-levy-till-2024/>

- **Finance Secretary: E-way bills, GST receipts show economic recovery is on track**

<https://www.a2ztaxcorp.com/finance-secretary-e-way-bills-gst-receipts-show-economic-recovery-is-on-track/>

- **CNBC-TV18: Government planning to extend GST Compensation cess by 2 years**

<https://www.a2ztaxcorp.com/cnbc-tv18-government-planning-to-extend-gst-compensation-cess-by-2-years/>

- **Kerala HC allows CIAL to claim refund for input tax**

<https://www.a2ztaxcorp.com/kerala-hc-allows-cial-to-claim-refund-for-input-tax/>

- **Differences on GST may trigger dispute resolution mechanism**

<https://www.a2ztaxcorp.com/differences-on-gst-may-trigger-dispute-resolution-mechanism/>

- **EEPC India: Pending GST refunds, MEIS dues hurting exporters**

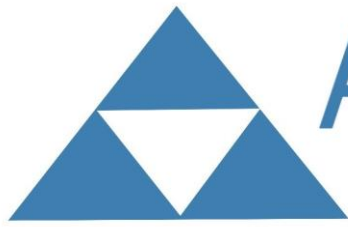
<https://www.a2ztaxcorp.com/eepec-india-pending-gst-refunds-meis-dues-hurting-exporters/>

- **GST evasion: Rs 15 Cr. GST fraud unearthed**

<https://www.a2ztaxcorp.com/gst-evasion-rs-15-cr-gst-fraud-unearthed/>

- **Govt after CAG report: No diversion of GST cess**

<https://www.a2ztaxcorp.com/govt-after-cag-report-no-diversion-of-gst-cess/>



# A2Z TAXCORP LLP

## Tax and Law Practitioners

### ABOUT US:

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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