

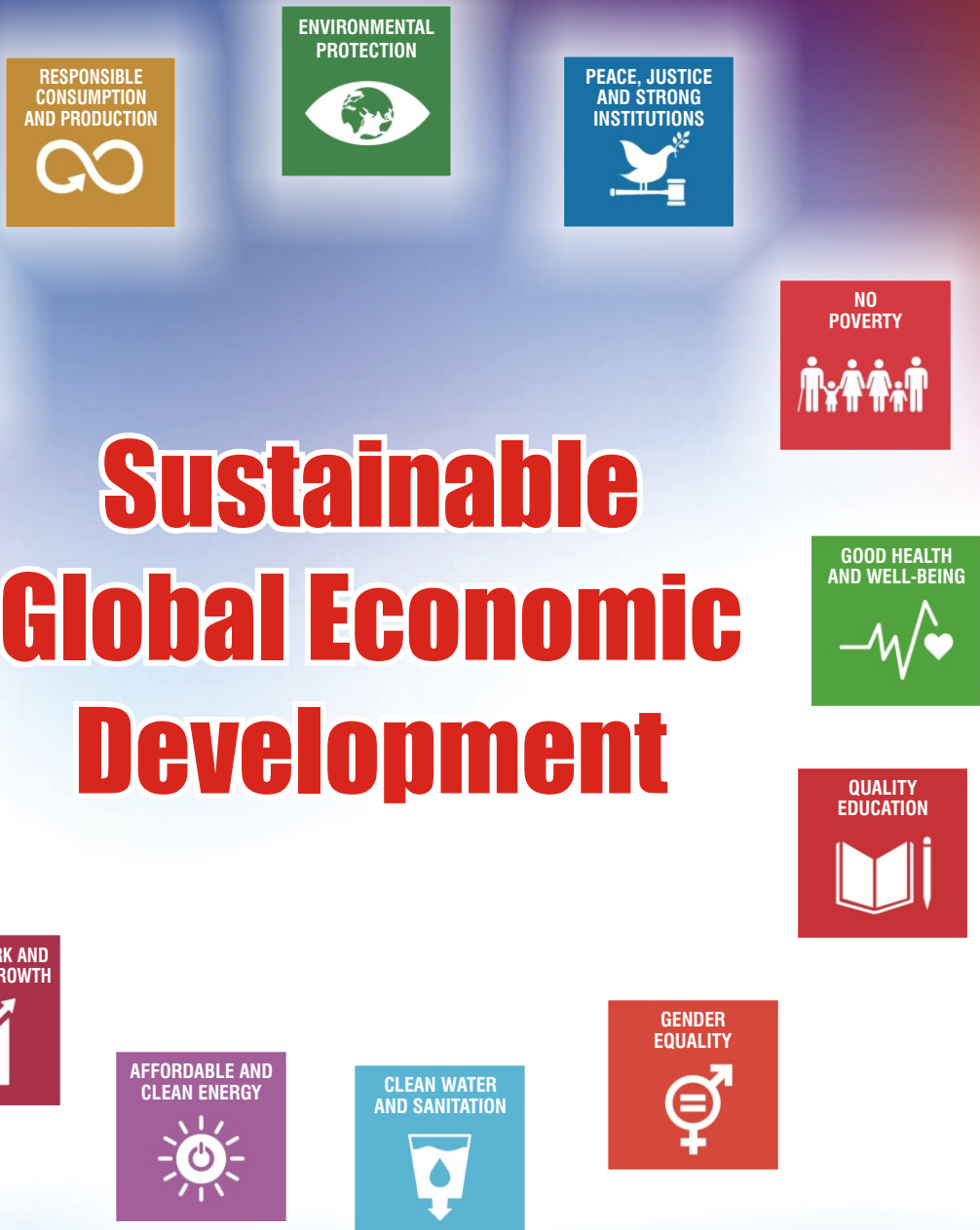


SIRC Newsletter

PRICE ₹5

JUNE 2020 | Volume 45 • Part 12

Southern India Regional Council ▶ THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA ▶ SET UP BY AN ACT OF PARLIAMENT



Sustainable Global Economic Development

Webinar on Impact of New Code of Ethics – 09-May-2020

<https://bit.ly/2YGm4G6>



CA. Sunil H. Talati, Past President, ICAI and Resource Person seen along with CA. D. Prasanna Kumar, Central Council Member, CA. Dungan Chand U. Jain, Chairman, SIRC of ICAI and Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

Webinar on Finance Act 2020 – 10-May-2020

<https://bit.ly/3dnkmNE>



CA. V. Ramnath, Coimbatore, Resource Person seen along with CA. Dungan Chand U. Jain, Chairman, SIRC of ICAI and Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI



Chairman's Communique...



My Dear Professional Colleagues,

Accounting, as the language of business, plays an essential role in economic both micro and macro - development. Accounting affects us all, as becomes apparent whenever there is a financial crisis, be it for banks, corporates or governments. Proper accounting is essential for organisations in which public are substantially involved and our auditing profession has been contributing for the reliability of these external financial information.

High-quality corporate reporting is key to improving transparency, facilitating the mobilization of domestic and international investment, creating a sound investment environment and fostering investor confidence, thus promoting financial stability of the businesses directly and prosperity of the nation indirectly. A strong and internationally comparable financial reporting system facilitates international flows of financial resources, at the least possible cost of capital, while at the same time helping to reduce corruption and mismanagement of resources. It also strengthens international competitiveness of enterprises in attracting external financing and taking advantage of international market opportunities.

Contribution of our Accounting Profession with effective and efficient support of the Institute has been instrumental for improving the quality of corporate reporting. This endeavour has also lead to strengthening the international financial architecture in the backdrop of globalization and liberalisation. In this regard the implementation and application of internationally recognized standards (both accounting and auditing), codes of conduct and good practices in the area of corporate reporting has been strongly encouraged as a reflection of the increasing pace of international economic integration. Needless to mention that the effective adoption and implementation of such standards and codes remains a challenge for many developing countries and economies in transition as they require critical elements of corporate reporting infrastructure including world class accounting and auditing professionals, appreciable level of Corporate Governance with relevant support institutions. In this background there is a need for a coherent approach to building and developing capacity in these areas, as well as for tools to measure and benchmark progress and identify priorities for further actions.

At the Public Finance level, the reality is that most governments (Central, States and Local and Urban Bodies) are stuck in the Middle Ages when it comes to accounting. They have for too long been influenced by economists whose perspective on the management of public finances is limited to simple measures of cash flows and debt. Today public finance requires more complex information than this. We should contribute for the complete adoption of mercantile system of accounting in various organs of the Government which would lead to accountability in all levels.

New Code of Ethics: ICAI Code of Ethics, 2019 based on International Ethics Standards Board for Accountants (IESBA) Code of Ethics, 2018 issued at the annual function of the Institute on 4th February, 2019 will come into effect from 1st July, 2020. Please visit https://icai.org/new_post.html?post_id=958&c_id=50 for complete guidance and announcements of the Ethical Standards Board of ICAI in this regard.

Career Counselling Programme for aspiring Chartered Accountant Students: A career counselling programme for aspiring Students was inaugurated through Web by Thiru K.A. Sengottaiyan, Hon'ble Minister for School



Education, Govt. of Tamil Nadu in the presence of Thiru Dr. S. Kannappan, Director of School Education. Around 17,000 aspiring Students attended this Webinar.

SIRC Coaching Classes: The Online Coaching Classes for CA Foundation Course has commenced on 10th June 2020 for students appearing in November 2020 Examination.

E-book: An E-book on “A concise Practical Referencer for Statutory Branch Audit” was released on 9th May 2020. The same is hosted in SIRC Website https://www.sircoficai.org/images/downloads/practical_guide_bank_branch_audit.pdf for the benefit of members.

CPE Programmes: ICAI has announced that now out of 20 hours Structured CPE hours which is mandatory to be completed by Members below 60 years holding COP, in each calendar year, 10 Structured CPE hours could be granted through online mode (either through Digital Learning Hub or through above Virtual CPE meetings including 2 mandatory CPE hours on “Code of Ethics” and “Standard on auditing”) till 30th June, 2020. SIRC would be conducting CPE Programme on topics of relevance online till the present situation eases.

In accordance with the directions of the Head Office, SIRC has started Virtual CPE Programmes through its new website <http://www.sirc-icai.org/login.php>. Procedure for registration for these Programmes has been given at <https://bit.ly/2zrS8Di>. We request the members to kindly follow the procedures to avoid last minute inconveniences.

ICAI initiatives: The Research Committee of ICAI has come out with ICAI Doctoral Scholarship Scheme 2020 granting scholarship of Rs. 50,000/- per month for 3 years for the members who pursue Ph.D from UGC affiliated Universities https://www.icai.org/new_post.html?post_id=16491

The ICAI has announced a reimbursement of Research Expenditure up to Rs. 10,00,000/- (Rupees Ten Lakhs) under ICAI Research Projects Scheme 2020 which is open round the year <https://resource.cdn.icai.org/59494research48411project.pdf>

ICAI has webhosted compilation of important announcements for the benefit of CA Members, Students in the wake of Covid 19 https://www.icai.org/new_post.html?post_id=16424

Members in Industry: Members who have been working in any of the financial, commercial, industrial undertakings with a minimum Fixed Assets of Rs. 1 Crore or minimum total turnover of Rs. 10 Crores or minimum paid-up Share Capital of 50 lakhs or such other institute or organization may inform their organization to register with the Institute, if not already done, for imparting Industrial Training under Regulation 51 of the Chartered Accountants Regulations, 1988 to the Articled Assistants who have completed Intermediate Course and are in the final year of practical training. This would help the students to have the feel of the Industrial Sector when they complete the CA Final Examination and opt for Industries.

SIRC would come forward to conduct Industry Specific training programmes with special reference to Accounting Standards, Taxation, GST etc. jointly with the CPE Study Circles for Members in Industry of the Southern Region. Members may kindly send in their inputs for the same.

Stay Careful Stay Safe

Yours in professional Service

CA. Dungar Chand U Jain
Chairman, SIRC of ICAI

Chennai
12-June-2020



VIRTUAL CPE PROGRAMMES - JUNE 2020

Regn: <http://bit.do/sirclogin>

Date	Timings	Topic	Resource Person(s)	Structured CPE	Fees (Rs)
06-Jun-2020 (Sat)	10:00 am - 12:00 pm	Virtual CPE Meeting on Real Estate Sector-RERA- GST & IBC	Adv. Vaitheeswaran K, Chennai"	2 hrs	100 + GST
07-Jun-2020 (Sun)	11:00 am - 01:00 pm	Virtual CPE Meeting on Tech take away for CA Office	CA Vinodh Kothari, Chennai	2 hrs	100 + GST
09-Jun-2020 (Tue)	06:00 pm - 08:00 pm	IBC, Financial Stress and post covid the way forward	CA. Anil Goel, New Delhi	2 hrs	100 + GST
10, 11, & 12 Jun-2020 (Wed, Thu & Fri)	06:00 pm - 08:00 pm	Three days Refresher Course Technological changes/Advancements in Income Tax, GST & Audits	CA. Chaitanya E, Tirupati CA. Rajeev P T, Chennai CA. Rengarajan G, Kochi	6 hrs (all three days)	600 + GST
13-Jun-2020 (Sat)	04:00 pm - 07:00 pm	Standards on Auditing : Planning an audit (Covering SA 300, 315, 320 and 330)	CA. Bhavani Balasubramanian, Chennai	3 hrs	200 + GST
15-Jun-2020 (Mon)	06:00 pm - 08:00 pm	Income Tax Settlement Commission - Procedure & Practice	Adv. Hukumchand Jain, Mumbai Vice-Chairman, Settlement Commission (Retd)	2 hrs	Nil
20-Jun-2020 (Sat)	04:00 pm - 07:00 pm	Standards on Auditing : Audit evidence (Covering SA 500, 501, 505 and 570)	CA. R.S. Balaji, Chennai	3 hrs	200 + GST
27-Jun-2020 (Sat)	04:00 pm - 07:00 pm	Standards on Auditing : Audit conclusions and reporting (SA 700, SA 701, SA 705, SA 706)	CA. Chinnsamy Ganesan, Chennai	3 hrs	200 + GST



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(Setup by an Act of Parliament)

SOUTHERN INDIA REGIONAL COUNCIL

"ICAI Bhawan", No. 122, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034.

→ Stay Home → Stay Safe → Stay Prepared for Exams

Online Coaching Classes for CA Intermediate Course

The next batch of **ICAI Intermediate Online Coaching Classes through Webinar** is scheduled to commence from **22nd June 2020** (tentatively will end by 31st October 2020) for students appearing for November 2020 Examination.

Days	Webinar Class Timings	Course Fee	Group I	Group II	Both Groups
All Days	Morning: 6.00 a.m. to 9.00 a.m. Evening: 6.00 p.m. to 9.00 p.m.		Rs. 10,000/-	Rs. 10,000/-	Rs. 18,000/-

Online Coaching Classes for CA Final Course

The next batch of **ICAI Final Online Coaching Classes through Webinar** is scheduled to commence from **29th June 2020** (tentatively will end by 31st October 2020) for students appearing for November 2020 Examination.

Days	Webinar Class Timings	Course Fee	Group I	Group II (Except Electives)	Both Groups
All Days	Morning: 6.00 a.m. to 9.00 a.m. Evening: 6.00 p.m. to 9.00 p.m.		Rs. 12,000/-	Rs. 9,000/-	Rs. 18,000/-

- ✓ **SIRC of ICAI is the leader in grooming CAs for the past 50 years.**
- ✓ **Be trained by the Leader... at very nominal cost.**
- ✓ **Expert and Experienced Faculty Team.**
- ✓ **Class on live platform not recorded videos Instant doubt solving at the end of each class**

Avail this opportunity and get through your November 2020 Examination.

For Registration, please visit : www.sircoficai.org



WEBINARS CONDUCTED BY SIRC OF ICAI

Date	Webinar on	Speaker	Link	Materials
09-May-2020	Impact of New Code of Ethics	CA. Sunil H. Talati, Past President , ICAI	https://bit.ly/2YGm4G6	https://bit.ly/3duEtJS
10-May-2020	Career Counselling Programme for aspiring Students	Inaugurated by Thiru. K. A. Sengottaiyan Minister for School Education Govt. of Tamil Nadu Thiru. Dr. Kannappan S Director of School Education Dept.	https://www.sircoficai.org/aspire	
10-May-2020	Finance Act 2020	CA. V. Ramnath, Coimbatore	https://bit.ly/3dnkmNE	https://bit.ly/2WJlnzv
15-May-2020	Peer Review and “Driving the new way of Audit”	CA. Dayaniwas Sharma, Chairman, Peer Review Board, ICAI and CCM CA. Ganesh Balakrishnan, Chennai	https://youtube/6pASDIL5pUI	https://bit.ly/2ZkTOcm https://bit.ly/2zgdwLs
24-May-2020	Effective Practice Management	CA. Nilesh S. Vikamsey Past President, ICAI	http://bit.do/sircnilesh	https://bit.ly/2B3ubmf
26-May-2020	Microsoft Excel – Data Analytics using Power Query and Power Pivot tables	Mr. Alan Murray Founder of Computergaga	https://t.ly/uuTt	https://bit.ly/3gnZ05g
29-May-2020	How to set up an International Tax Practice from scratch	CA. Naman Shrimal	http://bit.do/sircnaman	https://bit.ly/2XEBdW3
30-May-2020	GST Impact on (i) Charitable Trust and (ii) Construction Industry	CA. B. Ganesh Prabhu, Chennai	http://bit.do/sircganesh	https://bit.ly/2XduLqa
31-May-2020	Future of work and CA Profession	CA. V. Pattabhi Ram, Chennai	http://bit.do/futurework	https://bit.ly/3dlyTdo

COMMITTEES OF SIRC AT YOUR SERVICE

The following Committee meetings of SIRC of ICAI were held through Video Conference

S.No.	Name of the Committee of SIRC of ICAI	Chaired by	Date of Meeting
1	Ethical Standards Committee	CA. Pannaraj S.	04-May-20
2	Internal Audit Committee	CA. Sundararajan R.	11-May-20
3	Students Committee	CA. Pampanna B.E.	18-May-20
4	Digital Accounting & Assurance Committee	CA. Chengal Reddy Ramireddy Gari	18-May-20
5	Standards on Auditing Committee	CA. Chengal Reddy Ramireddy Gari	21-May-20
6	Library Committee	CA. Sundararajan R.	22-May-20
7	Committee on Capital Markets & Investors' Protection	Dr. CA. Abhishek Murali	23-May-20
8	AICTSS MCS Coordination Committee	CA. Geetha A.B.	26-May-20
9	Career Counselling Committee	CA. Jalapathi K.	05-Jun-20
10	Public Relations Committee	CA. Dungar Chand U Jain	05-Jun-20
11	Executive Committee of SIRC of ICAI	CA. Dungar Chand U Jain	08-Jun-20
12	240th Meeting of SIRC of ICAI	CA. Dungar Chand U Jain	09-Jun-20



LEADER'S THOUGHTS



Dear Professional Friends,

Light at the end of Tunnel. Most of us would be thinking about this and dreaming of starting the activities relating to our profession and social events effective 1st June 2020 onwards. Never before in our life (and hoping never afterwards) we have stayed Indoors for more than 50 days. All of us must be raring to go out and prove ourselves. Before we move ahead, is not the correct to pause a bit and think what happened in March 2020 till now.

A deadly virus stuck the entire world making several parts of the world immobile, stopping all activities, bringing fear of death in all our minds. All plans made by anyone had to wait and the wait seemed never ending. The first thing we need to ask ourselves is:

Will this situation not gets repeated again in our lifetime. Our Heart says No but our mind should keep telling "Yes". Keeping this Yes in mind we definitely need to change the way we work and live the rest of our lives and repeat or no repeat, we will not only prepare ourselves but also prepare our next generations to face such situations.

The first thing to learn is that we do not need to spend too much on our Office premises and the inbuilt Infrastructure there to impress others. It is advisable to spend money on Good Systems with proper software, antivirus, technology and so on, to ensure that we can work from anywhere without having to physically meet and regular meetings can be virtual meetings. We can have an annual/Half Yearly get together with every staff on a Tourist Destination.

Liquidity is the new god. We need to avoid spending unnecessarily and keep liquid funds to the extent that they can support our way of life, minimum for a year.

Change is the only constant thing is life and this is truer for Technology. All of us need to spend part of our everyday updating on new technology. Working hard will not be enough if we are not Working Smart. Encourage everyone including the family members to embrace technology, learn how to use the technology and more importantly how not get to be fooled by anyone misusing Technology.

Continuing Professional Education (CPE) is most appropriate thing in today's world. There is no age for learning and the enthusiasm to learn should be continued till our last breath. Learning new things will give a new meaning to our life.

To live happily, we must go back and find back our Passion, we have left behind, struggling to move up in life. The last 50 days have proved the immense happiness we get by following our Passion like Singing, Painting, Dancing, Organising Fun Games, Sports activities etc. We need to continue our Passion and encourage Family members to pursue the same.

Living healthy, exercising regularly, having good food habits, proper sleep are few things which help us build our Immunity and prepare us not only in any likely calamity but also till the time we live.

I wish you all a happy Second innings of your Life.

CA. Pampanna B E
Chairman, SICASA

UPDATES

Scan QR Code & Read

FEMA

Contributed by:
CA. G. Murali Krishna, Hyderabad
gmk@grandhiandassociates.in



Goods and Services Tax

Contributed by:
CA. G. Saravana Kumar, Madurai
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Tamil Nadu VAT

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Income Tax updates

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SEBI

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Karnataka VAT-GST updates

Contributed by:
CA. Annapurna D. Kabra, Bengaluru
annapurna@hskadvisors.com



The online link for UPDATES:

<https://www.sircoficai.org/members/professional-updates>

DISCLAIMER

The SIRC/ICAI does not accept any responsibility for the views expressed in different contributions / advertisements published in this Newsletter.



IMPORTANT ANNOUNCEMENTS

Advisory for Members, Students of the Institute of Chartered Accountants of India (ICAI) and Public at Large in respect of Fake Social Media Pages - (14-05-2020)

https://www.icai.org/new_post.html?post_id=16514&c_id=219

This is to inform all the Members and Students of ICAI and public at large that it has come to the notice of ICAI that various Fake Social Media Pages are being operated illegally on ICAI's name and logo. They are making various announcements and reference material on which the ICAI has sole and exclusive intellectual property rights (IPRs). They are also making false announcements and posting fake material which are derogatory and objectionable. The contents of the said fake accounts/pages cause confusion in the minds of the Members and Students of the Institute of Chartered Accountants of India in particular and public at large in general. Further, the contents of the said platforms are also misleading and create a false impression that the material/ announcements posted thereon have the authentication of ICAI.

ICAI hereby categorically states that it is having its own verified Social Media Accounts running on various platforms which are placed as under for the information of its stakeholders.

Name of Platform	URL
Facebook	https://www.facebook.com/theicai
Twitter	https://twitter.com/theicai
LinkedIn	https://www.linkedin.com/edu/22460
YouTube	https://www.youtube.com/icaiorgtube
Instagram	https://www.instagram.com/icaiorg/

Please note that apart from the above, the ICAI does not have any other social media accounts and if anybody claims or propagates that it is the social media account of ICAI, the public, Students and Members are advised to exercise caution and immediately bring it to the notice of the ICAI for necessary action.

It is made clear that the information on the said fake social media pages has been posted/circulated without the knowledge and authority of the Institute of Chartered Accountants of India and you are advised not to be misled and confused by it.

It may be noted that posting and forwarding fake and derogatory content on these Social Media Platforms is violation of law. Therefore, ICAI hereby warns such social media accounts and the persons controlling them to immediately cease and desist such platforms which are illegal and ICAI reserves the right to initiate appropriate coercive actions both under criminal as well as civil laws.

However, in the meantime, all Members, Students of the Institute and public at large are hereby advised not to follow such fake ICAI Social Media Pages in their own interest. Accordingly, all Members and Students of the Institute are advised to take note of the same. We would also request you to please follow/subscribe/like the above verified pages of ICAI for latest news and updates from ICAI.

Thanking you

(Rakesh Sehgal)
Acting Secretary, ICAI



IMPORTANT ANNOUNCEMENTS

Relaxations for the Companies and LLPs to make good any filing related defaults, irrespective of duration of default, and make a fresh start as a fully compliant entity by 30th September, 2020. - (21-05-2020)

https://www.icaai.org/new_post.html?post_id=16534&c_id=219

As we all know that COVID 19 is an unprecedented crisis and challenge which is currently being faced by the whole World. Amidst the spread of the pandemic and the imposition of lockdowns, there are various challenges before all the stakeholders in the corporate world.

In order to support and enable Companies and Limited Liability Partnerships (LLPs) in India to focus on taking necessary measures to address the COVID-19 threat, including the economic disruptions caused by it, the Ministry of Corporate Affairs has given several relaxations and Special measures have been provided to reduce their compliance burden and other risks.

The Ministry of Corporate Affairs in pursuance of the Government of India's efforts in the wake of COVID 19, has introduced the “**Companies Fresh Start Scheme, 2020**” and revised the “**LLP Settlement Scheme, 2020**”.

ICAI being closely working with MCA, is happy to note that the Schemes, apart from giving longer timelines for corporates to comply with various filing requirements under the Companies Act 2013 and LLP Act, 2008, significantly reduce the related financial burden on them, especially for those with long standing defaults, thereby giving them an opportunity to make a “**fresh start**”.

The USP of both the schemes is a one-time waiver of additional filing fees for delayed filings by the companies or LLPs with the Registrar of Companies during the currency of the Schemes, i.e. during the period starting from 1st April, 2020 and ending on 30th September, 2020.

In this regard, ICAI has also issued FAQs on the Companies Fresh Start Scheme and LLP Settlement Scheme, 2020 (Original and Modified) for the benefit of its members and other stakeholders to give them clarification on the Schemes and issues, if any.

FAQs on the Companies Fresh Start Scheme are available at the link <https://resource.cdn.icaai.org/58908clcg48020.pdf>

FAQs on the LLP Settlement Scheme, 2020 (Original and Modified) are available at the link <https://resource.cdn.icaai.org/58902clcg48009llpfaq.pdf>

Further, ICAI has also organised a Webcast which was addressed by the officials of MCA wherein the queries were also answered by them. Frequently Asked Questions on LLP Settlement Scheme, 2020 and Company Fresh Settlement Scheme, 2020 issued by the Ministry of Corporate Affairs are available at the Link: http://www.mca.gov.in/Ministry/pdf/FAQCFSS_15042020.pdf

This is to mention here that MCA has given relaxation that the DIN holders marked as “Deactivated” and companies marked as “ACTIVE non-compliant” can become compliant once again.

Other Relaxations are related to holding Board meeting/ AGM/ EGM through Video Conference, dispatch of notice for rights issue and Extension of Period/Days for Names Reserved and Re-submission of Forms

This is the time when the Companies and LLPs can utilize this opportunity given by the Government and they can make good any filing related defaults, irrespective of duration of default, and make a fresh start as a fully compliant entity.

Hope the members will take note of the schemes and motivate the promoters to avail the benefit of schemes and have a fresh start.

President, Institute of Chartered Accountants of India



IMPORTANT ANNOUNCEMENTS

Requirement of mandatory completion of 2 Structured CPE Hours, each on the topics of “Standards on Auditing” and “Code of Ethics” during every Calendar year, from Calendar Year 2020 onwards in Online/Virtual mode for COP holders and grant of structured CPE hours through Virtual CPE Meetings

Considering the interest and well-being of the members and other stakeholders during the crisis brought in by the global pandemic Covid-19, it was decided by the Council of the Institute to completely restrict conduction of any programme/class by any Regional Council/Branch/Central Level Committee, Students Association, Branches of Student Associations, CPE Study Circle of ICAI or any other Programme Organising Units (POUs), requiring physical presence of Members and Students till 15th April, 2020 or any further direction in the matter. It was also decided that 20 hours structured CPE learning which is mandated to be completed by Members below 60 years holding COP, in each calendar year, wherein 04 hours of structured learning could be through e-Learning Videos available on ICAI Digital Learning Hub, conducted and monitored by ICAI and its Central Committees (on MCQ and result basis), has been extended to 10 hours till 30th June, 2020.

Thereafter, the CPE Directorate & CDS has also decided to allow the Regional Councils, Branches, and Foreign Chapters apart from Central Committees to organise webinars under unstructured learning activities.

Subsequently, the CPE Directorate & CDS of ICAI at its recent meeting considered the hardship being faced by members towards compliance of mandatory CPE hour's requirement due to non- organization of structured CPE hours programmes and decided to Grant structured CPE hours to the participants of Virtual CPE Meeting to be organized by Central Committees/Foreign Chapters/Regional Councils/Branches/CPE Study Circles/CMI & B Study Circles so that a large number of members may benefit from the same. Webinars shall continue to be organized by Central Committees only. Details are available at https://icai.org/post.html?post_id=16516

The Directorate also decided to implement the decision of the Council with regards to mandatory completion of 2 Structured CPE Hours, each on the topics related to “Standards on Auditing” and “Code of Ethics” (total 4 Structured CPE Hours) during every Calendar year, from Calendar Year 2020 onwards in Online/Virtual mode for the Categories of members who are required to complete minimum 20 Structured CPE Hours in a Calendar year (COP Holder). This may be completed any time during the year in online/virtual mode.

Accordingly, now out of 20 hours Structured CPE hours which is mandatory to be completed by Members below 60 years holding COP, in each calendar year, 10 Structured CPE hours could be granted through online mode (either through Digital Learning Hub or through above Virtual CPE meetings including mandatory CPE hours on “Code of ethics” and “Standard on auditing”) till 30th June, 2020.

Details of all forthcoming Virtual CPE Meetings (VCMs)/Webinars being organized by various Programme Organising Units of ICAI are available at CPE Portal at www.cpeicai.org/all-upcoming-programs/. Contents eligible for grant of Structured CPE Hours on the topics “Standards on Auditing” and “Code of Ethics” on ICAI Digital Learning Hub may be accessed through <https://eservices.icai.org/>

In view of above, it is requested to kindly ensure compliance of above and also keep yourself abreast with latest developments of the profession.

**Vice-President, ICAI & Convenor
CPE Directorate&CDS**

**Deputy Convenor
CPE Directorate & CDS**

Clarification on Fees from a Single Client - (11-05-2020)

https://www.icai.org/new_post.html?post_id=16505&c_id=219

As the members are aware, the revised Code of Ethics will come into effect w.e.f 1st July, 2020.

Some members have expressed their concern on one of the provisions contained in Paragraph R410.4 of the Volume-I of revised Code of Ethics on measures for addressing self-interest threats resulting from dependence of Fees from a single client.

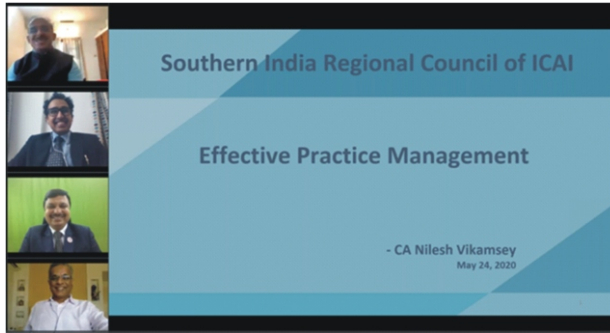
It may be clarified that there is **NOT** a bar in the revised Code of Ethics on acceptance of more than 15% fees from a single client. There is only requirement of disclosure, and taking safeguards prescribed therein, if the total gross annual professional fees from the audit client and its related entities represent more than 15% of the total fees received by the firm expressing the opinion on the financial statements of the client for two consecutive years.

Accordingly, the Audit may be continued while taking safeguards as mentioned in the said Paragraph.

It may further be clarified that this rule would not apply in Case of audit of Government Companies, public undertakings, nationalized banks, public financial institutions or where appointments are made by Government; **OR** where the total gross annual fees of the Firm does not exceed five lakhs of rupees.

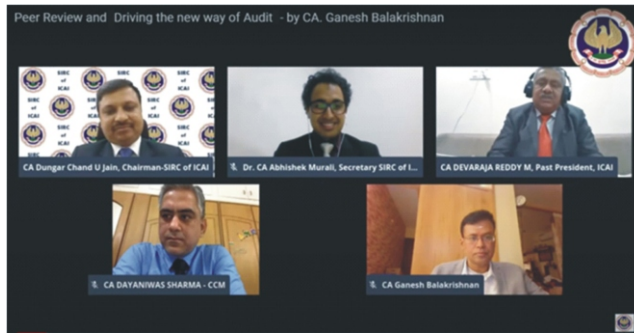
It may also be relevant to note that the rule applies **ONLY** where such Fees is received from an **AUDIT CLIENT**.

Webinar on Effective Practice Management - 24-May-2020
<http://bit.do/sircnilesh>



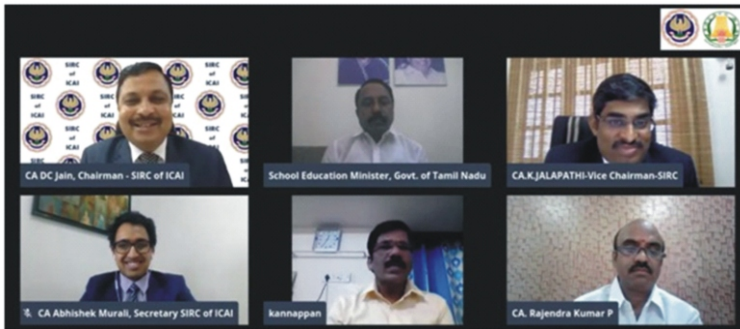
CA. Nilesh S. Vikamsey, Past President, ICAI and Resource Person seen along with CA. Babu Abraham Kallivayalil, Central Council Member, CA. Dungar Chand U. Jain, Chairman, SIRC of ICAI and Dr. CA. AbhishekMurali, Secretary, SIRC of ICAI

Webinar on Peer Review and Driving the new way of Audit - 15-May-2020
<https://youtu.be/6pASDIL5pUI>



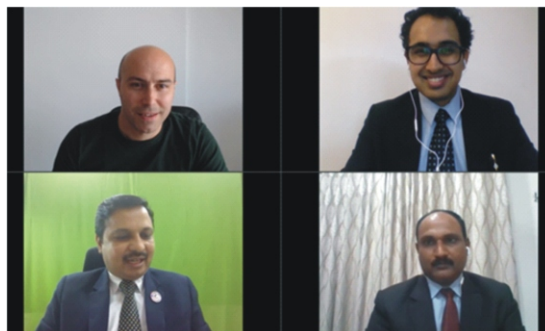
CA. M. Devaraja Reddy, Past President, ICAI, CA. Dayaniwas Sharma, Chairman, Peer Review Board, ICAI and Central Council Member, CA. Ganesh Balakrishnan, Resource Person seen along with CA. Dungar Chand U. Jain, Chairman, SIRC of ICAI and Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

Webinar Online Career Counselling Programme for aspiring Students - 10-May-2020



Thiru K.A. Sengottaiyan, Hon'ble Minister for School Education of Tamil Nadu, inaugurated an Online Career Counselling Programme with the participation of Thiru Dr. S. Kannappan, Director of School Education Department, CA. Rajendra Kumar P, Central Council Member, CA. Dungar Chand U Jain, Chairman, SIRC of ICAI, CA. K. Jalapathi, Vice Chairman, SIRC of ICAI and Dr. CA. Abhishek Murali, Secretary, SIRC of ICAI

Webinar on Microsoft Excel - Data Analytics using Power Query and Power Pivot Tables - 26-May-2020
<https://t.ly/uuTt>



Mr. Alan Murray, UK, Resource Person is seen along with CA. Dungar Chand U. Jain, Chairman, SIRC of ICAI, Dr. CA. AbhishekMurali, Secretary, SIRC of ICAI and CA. Chengal Reddy Ramireddygar, Regional Council Member

Webinar on Future of Work and of CA Profession - 31-May-2020

<http://bit.do/futurework>



CA. V. Pattabhi Ram, Resource Person is seen along with CA. Dungar Chand U. Jain, Chairman, SIRC of ICAI, Dr. CA. AbhishekMurali, Secretary, SIRC of ICAI and CA. S. Pannaraj, Regional Council Member

Webinar on GST impact on (i)Charitable Trust & (ii) Construction Industry- 30-May-2020

<http://bit.do/sircganesh>



CA. Ganesh Prabhu, Resource Person is seen along with CA. Dungar Chand U. Jain, Chairman, SIRC of ICAI, Dr. CA. AbhishekMurali, Secretary, SIRC of ICAI and CA. China Masthan Talakayala, Regional Council Member

Webinar on How to Set up International Tax Practice from Scratch - 29-May-2020

<http://bit.do/sircnaman>



CA. Naman Shrimal, Resource Person is seen along with CA. Dungar Chand U. Jain, Chairman, SIRC of ICAI, Dr. CA. AbhishekMurali, Secretary, SIRC of ICAI and CA. Naresh Chandra Gelli, Regional Council Member



FEMA UPDATES FOR THE MONTH OF JUNE 2020

Contributed by: CA. G. Murali Krishna, Hyderabad

I. Amendment to FEM (Non-Debt Instruments) Rules

Govt of India vide Notification No. S.O.1278(E) dated April 27, 2020 amended Foreign Exchange Management (Non-Debt Instruments) Rules whereby existing proviso to Rule 6(a) is substituted with below provisos:

“Provided that an entity of a country, which shares land border with India or the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall invest only with the Government approval:

Provided further that, a citizen of Pakistan or an entity incorporated in Pakistan shall invest only under the Government route, in sectors or activities other than defence, space, atomic energy and such other sectors or activities prohibited for foreign investment:

Provided also that in the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction or purview of the above provisos, such subsequent change in beneficial ownership shall also require government approval”.

With the above amendment, any fresh FDI, directly or indirectly, from neighbouring countries being China, Pakistan, Afghanistan, Nepal, Bhutan and Myanmar would require prior approval from Govt of India. As the words “directly or indirectly” are used, one should check for ultimate beneficial ownership of such non-resident investors to understand if the investment falls under approval route or automatic route.

II. Amendment to FEM (Foreign Exchange Derivative Contracts) Regulations:

Vide notification No. FEMA.398/RB-2020, dated Feb

18, 2020 amendments were brought to foreign exchange derivative contracts regulations and the effective date of implementation of said amendments was proposed to be June 1, 2020. However, considering COVID 19 situation, vide AP (DIR Series) Circular No. 31, dated May 18, 2020, the effective date of implementation of said amendments is now pushed to September 1, 2020. However, directions on the participation of Banks in Offshore Non-deliverable Rupee Derivative Markets issued vide A.P (DIR Series) Circular No. 23 dated March 27, 2020 will come into effect from June 1, 2020 as notified earlier.

III. Relaxation to FPI Investment in Debt Instruments under Voluntary Retention Route (VRR) Scheme:

As per VRR scheme guidelines, FPIs shall invest 75% of their Committed Portfolio Size (CPS) in VRR scheme within 3 months from the date of allotment of debt instruments. In view of COVID 19, vide AP (DIR Series) Circular No. 32, dated May 22, 2020, a further period of three months is allowed for such investment for the allotments made between January 23, 2020 to April 30, 2020.

IV. Extension of time limits for settlement of import payments:

Vide AP (DIR Series) Circular No 33, dated May 22, 2020, the time limit for settlement of import payment is increased to 12 months from the date of shipment from the existing time limit of 6 months due to COVID 19. This is not applicable to payments made towards import of gold / diamonds, precious stones & jewellery and payment of amounts withheld towards guarantee of performance, etc.

For more details, please refer the original notifications/ circulars referred above.

V. Update on Compounding Orders issued under FEMA Regulations



a. M/s. R Systems International Limited

Regulation	Regulation 5(1) read with Regulation 13, and Regulation 15(iii) of Notification No. 120/2004-RB – Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations 2004 (“ODI Regulations”)
Contravention	<ol style="list-style-type: none"> Investment by an Indian entity in an overseas wholly owned subsidiary which in turn holds investment in a different Indian entity, thereby creating ODI-FDI nexus Delay in submission of Form APR (Annual Performance Report)
Date of Order	Feb 03, 2020
Amount of Contravention	INR 5.00 Lac
Compounding Fee	INR 1.44 Lac

b. M/s Valcon Management Consultants Private Limited

Regulation	Regulation 4 and Paragraphs 9(1)A, 9(1)B & 8 of Schedule I of Notification No. 20/2000-RB and Paragraph 2(2) of Schedule I of Notification No. 20(R)/2017-RB – Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 & 2017 (“FDI Regulations”)
Contravention	<ol style="list-style-type: none"> Taking on record transfer of shares to non-resident without certified FCTRS from RBI. Delay in reporting of foreign inward remittance, delay in allotment of securities to non-resident and delay in filing of corresponding Form FCGPR Delay in refund of excess consideration received towards allotment to non-resident
Date of Order	Mar 12, 2020
Amount of Contravention	INR 14.07 Cr
Compounding Fee	INR 6.91 Lac

c. M/s AWS Truepower India LLP

Regulation	Paragraph 7(1) of Schedule 9 to Notification No. FEMA 20/2000-RB, dated May 03, 2000 (“FDI Regulations”)
Contravention	Delay in reporting of foreign inward remittance towards capital contribution of an LLP in India
Date of Order	Mar 06, 2020
Amount of Contravention	INR 11.82 Lac
Compounding Fee	INR 23,550



GST UPDATES

By CA. G. Saravana Kumar, Madurai

I. GST CIRCULAR UPDATES

Clarification in respect of certain challenges faced by the registered persons in implementation of provisions of GST Laws - Circular No. 138/08/2020-GST dated 06th May, 2020

Above circular gives clarifications in respect of issues in relation to Insolvency and Bankruptcy Code, 2016. Following are the gist of clarifications issued by the circular.

i. Extension of time limit for taking registration by IRP/RP:

Vide notification No. 39/2020- Central Tax, dated 05.05.2020, the time limit required for obtaining registration by the IRP/RP in terms of special procedure prescribed vide notification No. 11/2020 Central Tax dated 21.03.2020 has been extended. Accordingly, IRP/RP shall now be required to obtain registration within thirty days of the appointment of the IRP/RP or by 30th June, 2020, whichever is later

ii. No need to take fresh registration if GST provisions are already complied with:

Notification no 11/2020-CT (R) dated 21.03.2020 specifies that an IRP/RP has to take separate registration in respect of a corporate debtor with effect from the date of appointment. In this regard, it is clarified that IRP/RP would not be required to take a fresh registration in those cases where statements in FORM GSTR-1 under section 37 and returns in FORM GSTR-3B under section 39 of the CGST Act, for all the tax periods prior to the appointment of IRP/RP, have been furnished under the registration of Corporate Debtor (earlier GSTIN).

iii. Procedure to be followed in case IRP and RP are different:

In cases where the RP is not the same as IRP, or in cases where a different IRP/RP is appointed midway during the insolvency process, the change in the GST system may be carried out by an amendment in the registration form. Changing the authorized signatory is a non-core amendment and does not require approval of tax officer. However, if the previous authorized signatory does not share the credentials with his successor, then the newly appointed person can get his details added

through the Jurisdictional authority as Primary authorized signatory.

iv. Time limit to export the goods by the merchant exporter extended till 30.06.2020:

One of the conditions to get concessional rate of GST of 0.1% is, export of goods must happen within 90 days from the date of issue of tax invoice by the supplier. It is clarified that the said requirement of exporting the goods by the merchant exporter within 90 days from the date of tax invoice by the registered supplier gets extended to 30th June, 2020, provided the completion of such 90 days period falls within 20.03.2020 to 29.06.2020. This benefit is given vide notification no 35/2020-Central Tax dated 03.04.2020.

v. Time limit for filing ITC-04 for Jan 20 to Mar 20 quarter is extended till 30.06.2020:

Time limit for compliance of any action by any person which falls during the period from 20.03.2020 to 29.06.2020 has been extended up to 30.06.2020 where completion or compliance of such action has not been made within such time. Accordingly, it is clarified that the due date of furnishing of FORM GST ITC-04 for the quarter ending March, 2020 stands extended up to 30.06.2020.

II. GST Notification Updates

1. Amendment of CGST Rules 2017 - Notification No. 38/2020 Central Tax

i. Body corporate viz., private and public limited companies are allowed to file GSTR 3B return using Electronic Verification Code (EVC) for the returns filed during 21st April, 2020 to 30th June, 2020. Amendment to Rule 26 Insertion of second proviso.

ii. Nil return for GSTR 3B can be filed through Short Messaging Service (SMS) by a registered person through his registered mobile number from a date to be notified later. For this purpose a Nil return means return under section 39 for a tax period that has nil or no entry in all the Tables in FORM GSTR-3B. Insertion of new rule 67A.

2. Amendments to special procedure for corporate debtors undergoing the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016. - 39/2020 CGST dated 05th May, 2020



- i. A corporate debtor shall not be required to take fresh registration in case GSTR 1 and GSTR 3B were filed by all tax periods prior to appointment of IRP/RP.
 - ii. IRP/RP shall be regarded as distinct persons and shall be liable to take new registration in each of the states of union territories where the corporate debtor was registered earlier, within 30 days of the appointment of the IRP/RP or by 30th June, 2020 whichever is earlier.
- 3. Extension of validity period of E-Way bills Notification No 40/2020-CT dated 05th May, 2020:**
- E-Way bills that are generated under Rule 138 of CGST Rules, on or before 24th March, 2020 shall have validity period till 31st May, 2020.
- 4. Due date for furnishing Annual Return (GSTR 9) and Audit report (GSTR 9C) for the year 2018-19 extended to 30th September, 2020 Notification No 41/2020-CT dated 05th May, 2020:**
- The time limit for furnishing of the annual return in GSTR 9 and audit report in GSTR 9C, for the financial year 2018-2019 is extended till the 30th September, 2020.
- 5. Extension of the due date for furnishing GSTR 3B of Jan-Mar 2020 for the tax payers registered in Ladakh Notification no 42/2020 CT dated 05th May, 2020**
- Due date for filing GSTR 3B of November, 2019 to February, 2020 for the tax payers whose principal place of business in the Union territory of Jammu and Kashmir shall be 24th March, 2020.
- Due date for filing GSTR 3B of November, 2019 and December, 2019 for the tax payers whose principal place of business in the Union territory of Ladakh shall be 24th March, 2020.
- Due date for filing GSTR 3B of January, 2020 to March, 2020 for the tax payers whose principal place of business in the Union territory of Ladakh shall be 20th May, 2020.
- 6. Amendment to section 140 of CGST Act, 2017 shall take effect from 18th May, 2020 Notification No 43/2020-CT dated 16th May, 2020**
- Vide section 128 of the Finance Act, 2020, certain amendments were made to section 140 (Transitional credit) of CGST Act, 2017. These amendments shall come into force with effect from 18th May, 2020.

OTHER IMPORTANT ANNOUNCEMENTS

Going Concern - Key Considerations for Auditors amid COVID-19 - (10-05-2020)

https://www.icai.org/new_category.html?c_id=219

Physical Inventory Verification– Key Audit Considerations amid COVID-19 - (13-05-2020)

<https://resource.cdn.icai.org/59498aasb48418.pdf>

Auditor's Reporting - Key Audit Considerations amid COVID-19 - (17-05-2020)

<https://resource.cdn.icai.org/59546aasb48467.pdf>

Announcement regarding MCA has issued Clarification on dispatch of notice by Listed entities for rights issue opening under section 62(2) of Companies Act, 2013 up to 31st July, 2020 by CL&CGC ICAI - (17-05-2020)

<https://resource.cdn.icai.org/59543clcg48466.pdf>

MCA has issued Clarification on passing of ordinary and special resolutions by companies on account of the threat posed by Covid-19 and holding an extraordinary general meeting – (17-05-2020)

<https://resource.cdn.icai.org/59542clcg48465.pdf>

Announcement regarding MCA has issued Clarification on holding of Annual General meeting through video conferencing or other audio-visual means by CL&CGC ICAI - (17-05-2020)

<https://resource.cdn.icai.org/59541clcg48464.pdf>

Subsequent Events - Key Audit Considerations amid COVID-19 - (23-05-2020)

<https://resource.cdn.icai.org/59680asb48563.pdf>

Compilation of Important Announcements webhosted for CA Members, Students & ICAI Employees in the wake of Coronavirus COVID-19

https://www.icai.org/new_post.html?post_id=16424



MADRAS HIGH COURT JUDGEMENTS ON VAT, CST & GST

by CA. V.V. Sampath kumar, Chennai

Denial of ITC: Petitioner has not preferred any appeal. Impugned distraint notice for the Assessment Years 2009-2010, 2010-2011, 2011-2012 and 2012-2013 were served. Considering the forceful submission of the Petitioner on merits insofar as the demand u/s 19(9) of the TNVAT Act, 2006 (Denial of ITC), granted to liberty to the Petitioner to file a statutory appeal before the Appellate Deputy Commissioner **P.M. Govindaraj Vs AC(CT) Dharmapuri W.P. \No.30705 of 2016 DATED : 27.01.2020**

Appeal: Due to passing of the Counsel and the accident met by the petitioner, only when there was a demand for tax and penalty in December, 2019, the petitioner came to know about the passing of the order by the first appellate authority. This Court proposed to put the petitioner on terms if at all he were to be permitted to file a statutory appeal before the TNSTAT and directed to remit the entirety of the demand, i.e., tax along with penalty and file an appeal before the TNSTAT within a period of two (2) weeks from date of receipt of a copy of this order. **M/s.Vaskal Engineers, Vs.The AC (CT), Vadapalani- II Assessment Circle, W P No.6548 of 2020 DATED: 13.03.2020**

Mismatch: The only issue involved is mismatch of transactions as per the returns of the petitioner when compared with the returns of the selling dealers. The Court stated that the issue on merits, prima facie, stands covered by a decision of this Court in 99 VST 343 and the Circular bearing No.3 of 2019 dated 18.01.2019. In the light of the discussion aforesaid, the impugned orders are set aside and the AO is directed to take up the assessments to be re-done de novo **Tvl.Balakrishna Enterprises Vs.The AC (ST), Krishnagiri Assessment Circle I, W P Nos.6476 and 6477 of 2020 DATED: 13.03.2020**

Natural Justice: The petitioner states that his objection dated 20.03.2015 though received on the same date by the respondent has not been taken

into account in passing the impugned order and thus there is violation of principles of natural justice. The matter is remitted to the file of the respondent. The exercise of de novo assessment shall be completed by the AO within a period of four weeks from date of first hearing of the petitioner. **P.Banumathi Vs. AC (CT), Brough Road, Erode W.P.No.33794 of 2019 DATED: 12.03.2020**

Revision petition: The writ petitions have been filed challenging an order of assessment as well as an order passed in Section 84 application. The impugned orders are dated 31.07.2017 and 20.12.2018 and both writ petitions are thus hit by laches. There was some difficulty in approaching this Court earlier or in filing a revision petition. The appropriate remedy in the present matters is in terms of Section 54 of the Act, by way of a revision petition and there being no objection expressed to the suggestion of the Court that the petitioner be permitted to avail of the said remedy, the petitioner is permitted to file a revision petition before the JC, in terms of Section 54 of the Act within a period of four (4) weeks from today and the Registry of the JC will, upon providing proof of remittance of a sum of Rs.4,00,000/-(four lakhs only), entertain such revision petition without reference to limitation but subject to any / all other statutory condition that may be applicable. **A.R. Construction vs AC (CT) Kelambakkam Circle Writ Petition No.5842 & 5845 of 2020 DATED: 05.03.2020**

Opportunity: The impugned orders are assailed on the sole ground of violation of the principles of the natural justice. In response to a personal hearing notice dated 21.10.2019, the petitioner, vide e-mail dated 22.10.2019 requested two weeks' time to appear as the counsel was not in station. The request for e-mail has been referred to by the Officer in internal page 11 of the order, where the Officer states that though the petitioner had sought only two weeks' time, even after lapse of five weeks, they have neither appeared in person nor filed any reply. In the



interests of substantial justice, the impugned orders are set aside solely to afford another opportunity of personal hearing to the petitioner. **Tvl. SAR ISPAT PVT. LTD., Vs STO, Group I, Inspection, Intelligence-I, Chennai W.P. Nos.5668 and 5670 of 2020 Dated: 04.03.2020 Dated: 04.03.2020**

C form : C form can be used for the purchase of HSD and Petrol if it is otherwise eligible as per the CST Act. Due its denial, Writ Petition filed praying for the issuance of Writ of Mandamus to direct the respondent to issue "C" forms to the petitioner for the purchases of High Speed Diesel from the suppliers in other States in view of the judgment in M/s.Ramco Cements Ltd's case. As there is complete identity on facts and in law in the matter, this Court has reiterated the view taken earlier in the above matter and stating so, this writ petition is allowed. **M/s.Prabath Mills, Vs. STO, Palladam Assessment Circle, WP No.5293 of 2020 DATED: 02.03.2020**

Personal Hearing: When it was also incumbent upon the AO to have granted an effective opportunity of personal hearing, the Officer cannot merely called upon the petitioner to appear on any working day at office hours within 15 days of the notice as the Officer cannot be expected to be at his desk at all time to entertain the petitioner / authorised representative and conduct the hearing. It is thus necessary that the personal hearing be fixed by date and time for mutual convenience of the attending parties as well as the officials of the Department. **M/s.Ram E & I Systems Private Limited, Vs STO, Alwarpet Assessment Circle, WP No.3631 of 2020 DATED: 17.02.2020**

Recovery notice: The challenge is to a recovery notice dated 08.04.2019, which calls upon the petitioner to remit the disputed demands of tax and penalty. These disputed demands of tax and penalty arose from orders of assessment passed dated 14.12.2017. There is no infirmity in the efforts for recovery. After receipt of the impugned notice, petitioner has been in correspondence with the

Department and also appears to have filed a police complaint against various employees for misuse of TIN number. Considering these facts, the Court held that the petitioner is permitted to file statutory appeals within a period of two (2) weeks from today, the same shall be received by the Registry of the first appellate authority without reference to limitation only but after ensuring that all other requirements including statutory deposit are complied with. **SIGNATURES EXTERIOR SOLUTIONS., Vs AC (ST, Namakkal, Rural, Namakkal. WP No.4269 of 2020 DATED: 21.02.2020**

Appeal: There has been substantial delay in the petitioner approaching this Court. The petitioner today produces a certificate of "no-dues" as regards the disputed taxes from the AO. The Ld Additional Government Pleader fairly does not object to the suggestion of the Court that the petitioner may file statutory appeal challenging the impugned order and such appeals, if filed within a period of two weeks from today, be accepted by the Registry of the first appellate authority without reference to limitation. **M/s.Samy Traders, Vs. The DCTO Villupuram II Circle, W.P.Nos.3937 & 3942 of 2020 DATED: 25.02.2020**

Notice: The petitioner challenges notice dated 10.12.2019 calling upon it to produce various records in support of its returns of turnover filed in terms of the Puducherry Value Added Tax Act, 2007, for the periods 2015-16 and 2016-17. Though the petitioner apprehended that the matter may not be appreciated or approached in a fair manner by the officer, for whatever reason(s) the petitioner, for its part, could also have been more responsive in terms of producing the books of accounts as sought for and in a timely fashion as this seems to have been done in full only on 11.02.2020. Stating so, this writ petition is closed as premature and made clear that the proceedings will continue with the full co-operation of the petitioner and the officer shall conclude the same in accordance with law, approaching the matter without prejudging issues, and in an open, fair and transparent manner. **Padmesh Cashew Company, Mahe Vs. CTO, Mahe. W.P.Nos.5031 & 5034 of 2020 DATED: 27.02.2020**



DIRECT TAXES – UPDATE
CA. V.K. Subramani, Erode

1.Reduction in rate of TDS / TCS:In the Press Release dated 13th May,2020 the Central Government in order to provide more funds at the disposal of the taxpayers for dealing with the economic situation arising out of COVID-19 pandemic, has reduced the rates of Tax Deduction at Source (TDS) for the following non-salaried specified payments made to residents by 25% for the period from 14th May, 2020 to 31st March, 2021:

S. No	Section of the Income-tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
1.	193	Interest on Securities	10%	7.5%
2.	194	Dividend	10%	7.5%
3.	194A	Interest other than interest on securities	10%	7.5%
4.	194C	Payment of Contractors and sub-contractors	1% (individual/HUF) 2% (others)	0.75% (individual/HUF) 1.5% (others)
5.	194D	Insurance Commission	5%	3.75%
6.	194DA	Payment in respect of life insurance policy	5%	3.75%
7.	194EE	Payments in respect of deposits under National Savings Scheme	10%	7.5%
8.	194F	Payments on account of re-purchase of Units by Mutual Funds or UTI	20%	15%
9.	194G	Commission, prize etc., on sale of lottery tickets	5%	3.75%
10.	194H	Commission or brokerage	5%	3.75%
11.	194-I(a)	Rent for plant and machinery	2%	1.5%
12.	194-I(b)	Rent for immovable property	10%	7.5%
13.	194-IA	Payment for acquisition of immovable property	1%	0.75%
14.	194-IB	Payment of rent by individual or HUF	5%	3.75%
15.	194-IC	Payment for Joint Development Agreements	10%	7.5%
16.	194-J	Fee for Professional or Technical Services (FTS), Royalty, etc.	2% (FTS, certain royalties, call centre) 10% (others)	1.5% (FTS, certain royalties, call centre) 7.5% (others)



S. No	Section of the Income-tax Act	Nature of Payment	Existing Rate of TDS	Reduced rate from 14/05/2020 to 31/03/2021
17.	194K	Payment of dividend by Mutual Funds	10%	7.5%
18.	194LA	Payment of Compensation on acquisition of immovable property	10%	7.5%
19.	194LBA(1)	Payment of income by Business trust	10%	7.5%
20.	194LBB(i)	Payment of income by Investment fund	10%	7.5%
21.	194LBC(1)	Income by securitisation trust	25% (Individual/HU F) 30% (Others)	18.75% (Individual/H UF) 22.5% (Others)
22.	194M	Payment to commission, brokerage etc. by Individual and HUF	5%	3.75%
23.	194-O	TDS on e-commerce participants	1% (w.e.f. 1.10.2020)	0.75%

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

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



3. Therefore, TDS on the amount paid or credited during the period from 14th May, 2020 to 31st March, 2021 shall be deducted at the reduced rates specified in the table in para 1 above. Similarly, the tax on the amount received or debited during the period from 14th May, 2020 to 31st March, 2021 shall be collected at the reduced rates specified in the table in para 2 above.
4. It is further stated that there shall be no reduction in rates of TDS or TCS, where the tax is required to be deducted or collected at higher rate due to non-furnishing of PAN/Aadhaar. For example, if the tax is required to be deducted at 20% under section 206AA of the Income-tax Act due to non-furnishing of PAN/Aadhaar, it shall be deducted at the rate of 20% and not at the rate of 15%.
2. **Clarification in respect of residency under section 6 of the Income-tax Act, 1961:** In Press Release dated 9th May, 2020 the Central Government has clarified regarding the residency which was amended by the Finance Act, 2020. Section 6 of the Income-tax Act, 1961 (the Act) contains provisions relating to residency of a person. The status of an individual as to whether he is resident in India or a non-resident or not ordinarily resident, is dependent, *inter-alia*, on the period for which the person is in India during a year.

Various representations have been received stating that there are number of individuals who had come on a visit to India during the previous year 2019-20 for a particular duration and intended to leave India before the end of the previous year for maintaining their status as non-resident or not ordinary resident in India. However due to declaration of the lockdown and suspension of international flights owing to outbreak of Novel Corona Virus (COVID-19), they are required to prolong their stay in India. Concerns have been expressed that they may involuntarily end up becoming Indian residents without any intention to do so.

In order to avoid genuine hardship in such cases, the CBDT has decided *vide* Circular No 11 dated May 8, 2020, that for the purposes of determining the residential status under section 6 of the Act during the previous year 2019-20 in respect of an individual who has come to India on a visit before 22nd March, 2020 and:

- has been unable to leave India on or before 31st March 2020, his period of stay in India from 22nd March, 2020 to 31st March, 2020 shall not be taken into account; or
- has been quarantined in India on account of Novel Corona Virus (Covid-19) on or after 1st March, 2020 and has departed on an evacuation flight on or before 31st March, 2020 or has been unable to leave India on or before 31st March, 2020, his period of stay from the beginning of his quarantine to his date of departure or 31st March, 2020, as the case may be, shall not be taken into account; or
- has departed on an evacuation flight on or before 31st March, 2020, his period of stay in India from 22nd March, 2020 to his date of departure shall not be taken into account.

Further, as the lockdown continues during the Financial Year 2020-21 and it is not yet clear as to when international flight operations would resume, a circular excluding the period of stay of these individuals up to the date of normalisation of international flight operations, for determination of the residential status for the previous year 2020-21 shall be issued after the said normalisation.

3. **Clarification of residency under section 6 of the Income-tax Act, 1961:** The CBDT in Circular No.11 of 2020 dated 8th May, 2020 has clarified about exclusion of stay of persons who visited India and were compelled to extend their stay in India due to COVID-19. Section 6 of the Income-tax Act, 1961 (the Act) contains provisions relating to determination of residency of a person. The status of an individual, as to whether he is resident in India or a non-resident or not ordinarily



resident, is dependent, *inter-alia*, on the period for which the person is in India during a previous year or years preceding the previous year.

Various representations have been received stating that there are number of individuals who had come on a visit to India during the previous year 2019-20 for a particular duration and intended to leave India before the end of the previous year for maintaining their status as nonresident or not ordinary resident in India. However, due to declaration of the lockdown and suspension of international flights owing to outbreak of Novel Corona Virus (COVID-19), they are required to prolong their stay in India. Concerns have been expressed that this extra stay in India may make them a resident of India under section 6 of the Act.

In order to avoid genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, has decided that for the purpose of determining the residential status under section 6 of the Act during the previous year 2019-20 in respect of an individual who has come to India on a visit before 22nd March, 2020 and:

- (a) has been unable to leave India on or before 31st March, 2020, his period of stay in India from 22nd March, 2020 to 31st March, 2020 shall not be taken into account; or
- (b) has been quarantined in India on account of Novel Corona Virus (Covid-19) on or after 1st March, 2020 and has departed on an evacuation flight on or before 31st March, 2020 or has been unable to leave India on or before 31st March, 2020, his period of stay from the beginning of his quarantine to his date of departure or 31st March, 2020, as the case may be, shall not be taken into account; or
- (c) has departed on an evacuation flight on or before 31st March, 2020, his period of stay in India from 22nd March, 2020 to his date of departure shall not be taken into account.

The Central Government took note of the fact that lock down might get extended beyond 31st March,2020 and accordingly issued a Press Release dated 9th May,2020 which is also given in this update.

- 4. Clarification regarding applicability of section 269SU :** The CBDT in Circular No.12/2020 dated 20th May,2020 has clarified regarding applicability of section 269SU. In furtherance to the declared policy objective of the Government to encourage digital transactions and move towards a less-cash economy, a new provision namely Section 269SU was inserted in the Income-tax Act, 1961 (**“the Act”**), *vide* the Finance (No. 2) Act 2019. This section requires every person carrying on business and having sales/turnover/gross receipts from business of more than Rs 50 Crores (**“specified person”**) in the immediately preceding previous year to mandatorily provide facilities for accepting payments through prescribed electronic modes. Subsequently *vide* notification no. 105/2019 dated 30.12.2019 (i) Debit Card powered by RuPay; (ii) Unified Payments Interface (UPI) (BI-IM-UPI); and (iii) Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code) were notified as prescribed electronic modes.

Representations have been received stating that the above requirement of mandatory facility for payments through the prescribed electronic modes is generally applicable in B2C (Business to Consumer) businesses, which directly deal with retail Moreover, since the prescribed electronic modes have a maximum payment limit per transaction or per day they are not so relevant to B2B (Business to Business) businesses, which generally receive large payments through other electronic modes of payment such as NETT or RTGS. Mandating such businesses to provide the facility for accepting payments through prescribed electronic modes would cause administrative inconvenience and impose additional costs.

In view of the above, it is hereby clarified that the provisions of section 269SU of the Act shall not be applicable to a specified person having only B2B transactions (i.e. no transaction with retail customer/consumer) if at least 95% of aggregate of all amounts received during the previous year, including amount received for sales, turnover or gross receipts, are by other than cash.



CIRCULAR

SEBI/HO/CFD/CMD1/CIR/P/2020/84

May 20, 2020

To,

All listed entities
All Recognized Stock Exchanges
All Depositories

Madam / Sir,

Subject: Advisory on disclosure of material impact of CoVID–19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**LODR Regulations**'/'**LODR**')

1. The CoVID–19 pandemic and the consequent lockdown restrictions imposed by national governments has impacted businesses not only in India but all over the world. In view of the same, SEBI has granted several relaxations to the listed entities in terms of timelines for filing of various reports/disclosures under LODR Regulations.
2. While such a lockdown and disruption is unforeseen and beyond the control of the entities, such events can lead to distortions in the market due to the gaps in information available about the operations of a listed entity. Hence, it is important for a listed entity to ensure that all available information about the impact of these events on the company and its operations is communicated in a timely and cogent manner to its investors and stakeholders.
3. Various provisions under the LODR Regulations already require listed entities to disclose material events which have a bearing on its performance / operations. These provisions are reiterated below:
 - a. Regulation 30(3) of the LODR specifies that a listed entity shall make disclosures of events specified in Para B of Part A of Schedule III of LODR, based on application of the guidelines for materiality. Clause 6 of Para B of Part A of Schedule III of LODR specifies events such as "Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc." that shall be disclosed upon application of the guidelines for materiality referred in Regulation 30(4).
 - b. SEBI vide Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, has provided further guidance to the listed entities on such disclosures. Annexure I to the circular, specifically, provides the details to be disclosed in cases of disruptions of operations due to natural calamity, force majeure and other events.
 - c. Similarly, for non-convertibles, Regulation 51(1) of the LODR requires prompt dissemination to the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend. As per Clause 16 of Part B of Schedule III read with Regulation 51(2) of the LODR, a listed entity shall promptly inform to the stock exchange(s) of any other information having bearing on the operation/performance of the listed entity.
4. It is observed that many listed entities have made disclosures under LODR Regulations, primarily intimating shutdown of operations owing to the pandemic and resultant lockdowns. Some listed entities have provided information relating to actions taken towards sanitation, safety etc.; the number of entities that have disclosed the financial impact, however, is small.
5. Listed entities around the world have been making disclosures regarding the impact of the pandemic, including that on financial condition and results of operations, future operations, capital and financial resources, liquidity, assets, internal financial control over financial reporting and disclosure controls and procedures, demand for



products/services etc. Regulators have encouraged timely reporting as well as complete and accurate disclosure of the impact, as far as possible.

6. Listed entities should endeavour to ensure that all investors have access to timely, adequate and updated information. Towards this end, entities are encouraged to evaluate the impact of the CoVID-19 pandemic on their business, performance and financials, both qualitatively and quantitatively, to the extent possible and disseminate the same. An illustrative list of information that listed entities may consider disclosing, subject to the application of materiality, is given below:
- Impact of the CoVID-19 pandemic on the business;
 - Ability to maintain operations including the factories/units/office spaces functioning and closed down;
 - Schedule, if any, for restarting the operations;
 - Steps taken to ensure smooth functioning of operations;
 - Estimation of the future impact of CoVID-19 on its operations;
 - Details of impact of CoVID-19 on listed entity's -
 - capital and financial resources;
 - profitability;
 - liquidity position;
 - ability to service debt and other financing arrangements;
 - assets;
 - internal financial reporting and control;
 - supply chain;
 - demand for its products/services;
 - Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business;
 - Other relevant material updates about the listed entity's business.

The above list is only illustrative and not exhaustive. Further, to have continuous information about the impact of CoVID-19 on operations, listed entities may provide regular updates, as and when there are material developments.

7. Additionally, while submitting financial statements under Regulation 33 of the LODR, listed entities may specify/include the impact of the CoVID-19 pandemic on their financial statements, to the extent possible.
8. When listed entities disclose material information related to the impact of CoVID-19, they should not resort to selective disclosures, keeping in mind the principles governing disclosures and obligations of a listed entity as prescribed in LODR Regulations, more specifically, having regard to the requirements of Regulation 4(2)(e) of the LODR on disclosure and transparency. Depending on circumstances peculiar to a listed entity and on account of passage of time, the listed entity shall revisit, refresh, or update its previous disclosures.
9. This Circular shall come into force with immediate effect. The Stock Exchanges are advised to bring the provisions of this circular to the notice of all listed entities and also disseminate the same on their websites.
10. The Circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act, 1992 read with Regulation 101 of the LODR Regulations.
11. This Circular is available at www.sebi.gov.in under the link "Legal → **Circulars**".

Yours faithfully,
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IBC Vs. GST

By CA. Annapurna Kabra, Bengaluru

There are separate repercussions under GST law when the registered person is also adjudicated under insolvency and Bankruptcy code (IBC) Act 2016. This code is enacted through which the creditor can collect their dues through Corporate Insolvency Resolution Process (CIRP). The IBC law is applicable to corporate debtors which includes the company and LLP. The Implication of GST and the procedure under the GST law for the corporate debtors is discussed vide Notifications and Circulars (CGST Notification 11/2020 dated 23.3.2020, Circular No 134/04/2020- and Circular No 138/08/2020)

PRE-CIRP PERIOD

If there are any tax dues which are unpaid by the company then whether GST Authorities can proceed for recovery of tax prior to CIRP period. Basically section 82 of the CGST Act (Tax to be first charge on property) state that "Notwithstanding anything to the contrary contained in any law for the time being in force, save as otherwise provided in the Insolvency and Bankruptcy Code (IBC) 2016, any amount payable by the taxable person or any other person on account of tax, interest or penalty which he is liable to pay to the Government shall be first charge on the property of such taxable person or such person". Therefore, the section clearly states that the IBC law will prevail over the GST law. Therefore, the GST Authorities should also submit the claim as operational creditors and should make an application to the Adjudicating Authority (NCLT) for initiating the CIRP process. It was a legal practice that the tax dues were collected as preferential creditors and with the introduction of section 82, the GST Authority are also equated with operational creditors.

The GSTN portal is not designed specifically for pre CIRP period and post CIRP Period. There was anomaly between the GST laws and IBC laws wherein there is no mechanism to deposit the taxes without depositing the taxes for earlier period. This issue was discussed in 39th Council meeting on 14.3.2020 and the special procedure was specified for registered person who are corporate debtors and are undergoing CIRP to comply with GST laws. The GST dues during pre-CIRP shall be treated as operational debts and dealt with under the provisions of IBC. The Initiation of any suit or proceeding is debarred under Section 14 of IBC by imposing moratorium period and therefore no coercive action can be taken by officers with respect to such dues. The tax officials should ascertain all the details of supplies made/received and tax dues on the same before filing a claim with the NCLT. The existing registration should not be cancelled and in case it is cancelled then the application for revocation of registration is required and therefore due to CIRP process, the proper officer may suspend the Registration. An IRP/RP is liable to comply with legal requirements for the period after the commencement of CIRP. They are not required to file returns for the period for the transactions for Pre CIRP-Period. If the returns are filed for the period prior to appointment of IRP/RP then new registration is not required to be taken by corporate debtor.

CIRP PERIOD

The CIRP process applies when the dues are more than one lakh and it is increased to one crore for MSME Sectors. The Financial creditor/operational creditor can initiate CIRP and the management of company assets are transferred to Resolution Professionals. The 'Resolution Professional' means an insolvency professional appointed to conduct the CIRP and includes an interim-resolution professional. Therefore, during the CIRP process, the Resolution Professional (RP) must follow the prescribed procedure for compliance. The IRP/RP will be treated as the distinct persons as the entire responsibility of running the business and legal compliance is shifted to them. If IRP/RP changes in between then change in registration details, it will be only non-core amendment and will not be considered as distinct entity.

The GSTN Portal introduces new functionality of registration of IRPs/RP appointed to undertake CIRP for corporate debtors on GST Portal in each State. The date of commencement of business for IRP/RPs will be date of their appointment and their compliance liabilities will also come into effect from the date of their appointment. If there is change in IRP/RP after initial appointment would be deemed to be change of authorized signatory and not an appointment of a distinct person requiring a fresh registration.

With the initiation of CIRP and appointment of IRP/RP will make the taxpayer (corporate debtor) as a distinct person of the taxpayer. They should apply for new registration under the GST Act within 30 days of their appointment. The time limit of 30 days is from the appointment of IRP/RP or by 30.6.2020 whichever is later.

Upon obtaining a fresh registration, IRP/RP has to comply with all the provision of GST law in relation to filing of returns, payment of tax and other provisions. The First return under section 40 has to be filed for the period from the date of becoming liable to take registration till the date of granting of registration.

During the CIRP process, the IRP/RP can claim ITC on invoices which are bearing earlier GSTIN in their **first return without complying** with Section 16(4) nor Rule 36(4). The IRP/RP can claim input tax credit on invoices which bear new GSTIN in returns to be filed only **after complying** with Section 16(4) nor Rule 36(4) of GST law.

The cash deposited by IRP/RP after appointment till obtaining new registration, in the earlier GSTIN shall be awarded as refund from cash ledger even though returns are not filed under the earlier registration. There is no clarity for excess credit in old registration or excess cash in cash ledger in the old registration. The law has clarified only for the refund for the interim period from the appointment of RP/IRP till the new registration.

The registered person receiving supplies from such corporate debtors is eligible to claim Input Tax Credit on invoices bearing earlier GSTIN as per the conditions specified under Chapter V of the CGST Act. They can claim for the period from the date of appointment of IRP/RP till the date of a new registration or within 30 days of issuance of the notification, whichever is earlier. In other words, the recipient of supplies can claim input tax credit on the invoices bearing earlier GSTIN without complying with Rule 36(4) for the supplies pertaining to the period of appointment of IRP/RP till GST new registration. And for the supplies made in the new GSTIN the recipient of such supply has to comply with Rule 36(4) of the CGST Rules.

In various judicial pronouncements, the NCLT had directed the revenue authorities to permit the corporate debtor to file the GST Returns and discharge the GST from the date of CIRP without insisting upon payment of past unpaid dues. Even it has directed to accept manual returns, restore the E waybill facility of the corporate debtor and not to cancel the registration and should not initiate coercive steps for recovery of dues. It is also held that moratorium period prescribed under section 14 of IBC is not only applicable to the execution of an order or a judgement but also to institution or continuation of suits or proceedings.

Due to the above specified procedures, if the corporate debtor applies for new registration then they have to apply new registration for all the entities located in different states. The procedure for corporate debtor under liquidation is not specified and also the procedure for continuation of GSTIN after resolution during CIRP is not specified. The Input tax credit will be disallowed in the corporate debtor on account of its suppliers, being operational creditors, having to take a haircut pursuant to the resolution plan. There should be clarity in GST process for transitional cash ledger and credit ledger balance for pre-CIRP and post CIRP process and should enable for the simplified process under the GST law.