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I. CHART OF FORTHCOMING DUE DATES: -

a) GST

Month	GSTR -1 Monthly	GSTR -3B
Sep 2018	10 th	20 th

b) Others

Month	TDS Payment	ESIC Payment	P.F. Payment	Advance Tax	Income Tax Return*
Sep 2018	7 th	15 th	15 th	15 th	30 th

*For Corporate Assessee and for those to whom Tax Audit is applicable.

II. OVERVIEW:

o GST AMENDMENT BILL, 2018

With a view to remove the vagueness and drafting errors existing in the GST law and to bring in some prominent changes in the law structure for credit, return, etc., the Government of India has come up with GST Amendment Bill, 2018.

How these amendments will affect the taxpayers in its compliance related activities:

RELAXATIONS PROVIDED BY THE AMENDMENT ACT:

- **Increased Threshold limit for Composition Scheme**
For Composition scheme, the threshold limit is increased to Rs. 1.5 Crore from earlier limit of Rs. 1 Crore.
- **Applicability of RCM only on notified Registered Persons**
The application of Reverse Charge Mechanism (RCM) on purchases made from unregistered person has been relaxed. It will now be handled through notification and shall be applied only on specified category of registered persons and on specified category of goods or services.
- **Expansion of scope of ITC**
Block credit provision has been relaxed and it shall not cover following two activities:

- (a) Motor vehicles for **transportation of persons** having approved seating capacity of more than 13 person are not covered and
- (b) Motor vehicles used for **transportation of money** except vessel or aircraft for or by a banking company or a financial institution
- (c) General insurance, servicing, repair and maintenance on ineligible vehicles, vessels or aircrafts not applicable where the services are received by a taxable person engaged in –
- a. Manufacture of such motor vehicles, vessels or aircrafts;
 - Or
 - b. Supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him.
- **Registration limit increased**
Power has been granted to the Government to increase the threshold of registration from Rs. 10 Lakhs to Rs. 20 Lakhs in special category states via notification. Also, it has been clarified that special category states shall not include States of Arunachal Pradesh, Assam, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand while earlier only Jammu and Kashmir was excluded from term Special category states.
 - **Exemption from compulsory registration**
Only the e-commerce operator who is required to collect TCS have to be compulsory registered instead of every e-commerce operator as provided earlier.
 - **Introduction of concept of suspension**
In case of cancellation of registration, the concept of suspension has been brought by the Government to save the taxpayer from the requirement of compliance of returns etc. during period of the proceeding of cancellation.

OTHER MAJOR RELAXATIONS

- Issue of multiple credit note against single invoice or single credit note against multiple invoices has been provisioned providing solution to big compliance hassle of issuing single credit note against single invoice.
- Central Government or a State Government or a local authority whose books of account are subject to audit by the Comptroller and Auditor- General of India or an auditor appointed for auditing the accounts of local authorities shall not be required to have their audit done under GST
- Services shall qualify as exports even if the payment for the services supplied is received in Indian rupees as per RBI regulations. This is done for transactions of exports particularly with Nepal and Bhutan, where the payment is received in Indian rupees as per RBI regulations.
- Upper cap of Rs. 25 crores is put on Pre deposit for filing an appeal to appellate authority.

- Time limit of period of one year and three years to bring the goods back from job worker for keeping it out of ambit of supply can now be extended by the Commissioner for a further period not exceeding one year and two years respectively.

IMPORTANT CHANGES MADE BY THE AMENDMENT:

A) Credit Utilization

Credit utilization mechanism has undergone a significant change and now IGST credit shall be utilized and cease first before utilizing any other category of credit available. The intention is to bucket the portion of IGST in State Government bucket at earliest. The credit utilization will work in following manner:

- i. IGST credit shall be first utilized for payment of IGST liabilities and then CGST and SGST liability in that order, irrespective of whether CGST or SGST credit is available.
- ii. CGST credit shall first be utilized for paying CGST liability (remained after utilizing IGST credit) first and then for paying IGST liability.
- iii. SGST credit shall first be utilized for paying SGST liability (remained after utilizing IGST credit) first and then for paying IGST liability.
- iv. IGST liability shall be first paid by IGST credit, then by CGST credit (left after utilizing for CGST liability) and finally by SGST credit (left after utilizing for CGST liability)
- v. Cash can be used for payment of IGST/CGST/SGST liability irrespective of the fact whether IGST/CGST/SGST credit is available or not.

From the Amendment Bill introduced on 29th August, 2018, it is observed that the Government has tried its best to remove certain ambiguity in law through amendments with few relaxations.

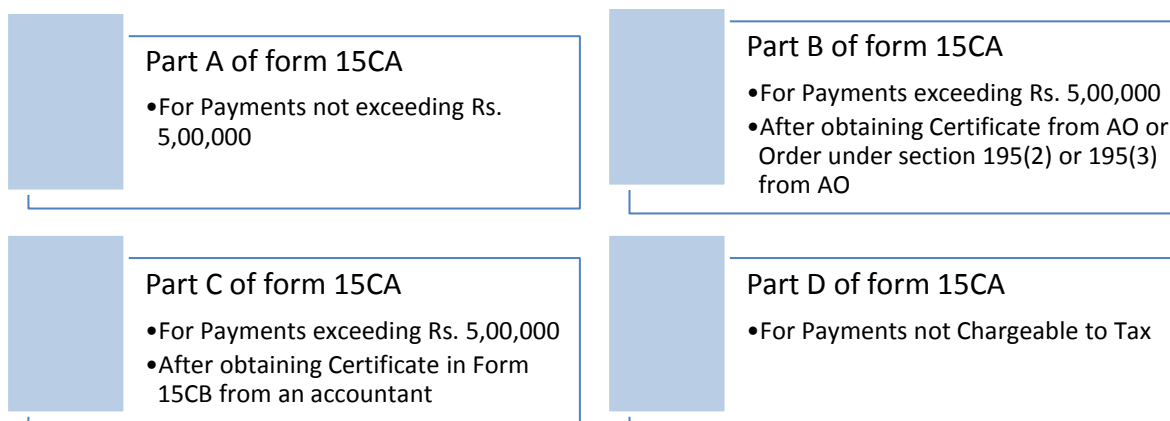
III. INCOME TAX:

o TDS for Non-Residents

Intimation relating to payments made to Non-Residents

Sub-section 6 of Section 195 substituted by the Finance Act 2015 mandates furnishing of information relating to payment of such sum, in such form and manner, as may be prescribed.

Rule 37BB(1) provides that the person responsible for paying to a non-resident, not being a Company, or to a foreign company, any sum chargeable under the provisions of the Act, shall furnish the prescribed Information in Form 15CA as follows:



Penalty for failure to furnish information

Section 271-I inserted w.e.f. 1.06.2015, provides that if a person fails to furnish the information as required under section 195 of the Act, the AO may direct that such person shall pay penalty of Rs. 1 Lakh.

IV. GOODS & SERVICE TAX

o RECORDS TO BE MAINTAINED UNDER GOODS AND SERVICES TAX

Record keeping is an important aspect of every business. Records are important for furnishing information to the government. The CGST Act 2017 prescribes for the mandatory books to be maintained by a registered taxable person.

As per Sec 35 of the CGST Act 2017, the registered person is required to maintain the true, accurate and fair accounts and records off the following at his principal place of business-

- Production or Manufacture of goods;
- Inward and Outward supply of goods or services or both;
- Stock of goods;
- Input tax credit availed;
- Output tax payable and paid; and
- Such other particulars as may be prescribed

Additional accounts to be maintained by a registered taxable person

In addition to the requirements stated in Sec 35 of the CGST Act 2017, Rule 56 of the CGST Rules 2017 requires maintenance of following records also-

- Details of Goods or Services imported or exported
- supplies attracting payment of tax on reverse charge
- invoices, bills of supply, delivery challans
- credit notes, debit notes
- receipt vouchers, payment vouchers and refund vouchers

Following registers are also required to be maintained by the registered person other than the composition dealer

- Register of tax invoices
- Register of credit notes
- Register of Debit Notes
- Delivery Challan issued/ received

V. COMPANIES LAW

o MANDATORY DEMATERIALIZATION OF SECURITIES:

The Ministry of Corporate Affairs (MCA) on 10th Sep, 2018 has issued a Notification amending the Companies (Prospectus and Allotment of Securities) Rules, 2014. This Amendment is effective from 2nd October, 2018

The notification read as under:

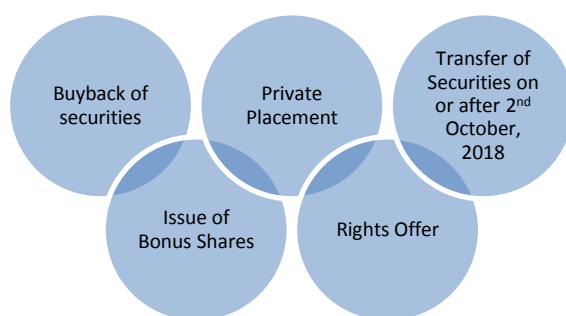
“In the Companies (Prospectus and Allotment of Securities) Rules, 2014, after Rule 9, the following rule shall be inserted, namely:

“9A. Issue of Securities in dematerialized form by unlisted public companies:

1. Every unlisted Public Company shall:
 - a) Issue Securities only in dematerialized form; and
 - b) Facilitate dematerialization of all its existing securities

In accordance with provisions of the Depositories Act, 1996 and regulations made thereunder.”

As per these amended rules, the securities of every unlisted Public Company shall be dematerialized before any of the following transaction:



Every Unlisted Public Company shall ensure that:

- It makes timely payment of fees to the Depository and Registrar to an Issue and Share Transfer Agent
- It maintains security deposit at all times of not less than two years' fees
- It complies with the regulations or directions or circulars, if any, issued by SEBI or Depository
- The Audit Report as per regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 shall be submitted to the Registrar on half-yearly basis.

Every Holder of Securities shall:

- Who intends to transfer such securities shall get the securities dematerialized before transfer; or
- Who subscribes to any securities of an unlisted public company on or after 2nd October, 2018
- Shall ensure that all his existing securities are held in dematerialized form before such subscription.

Benefits from Mandatory Demat of Securities:

- ✓ risks associated with physical certificates such as loss, theft, mutilation and fraud will be eliminated
- ✓ Improving Corporate Governance System by increasing transparency
- ✓ Prevention of malpractices such as benami shareholding, back-dated issuance of shares
- ✓ Exemption from Payment of Stamp Duty on transfer
- ✓ Ease in transfer, pledge, etc.

VI. LIMITED LIABILITY PARTNERSHIPS

Compulsory Strike off of LLP

The Limited Liability Partnership (Amendment) Rules, 2017 were notified by the Ministry of Corporate Affairs vide its Notification dated 16th May, 2017 effective from 20th May, 2017.

Section 75 of the Limited Liability Partnership Act 2008 empowers the Registrar to strike Defunct LLP off the Register.

Rule 37(1) of the LLP rules provides the following manner in which the LLP may be struck off:

Where the LLP is not carrying on any business or profession for the period of 2 (two) years or more and the registrar has the reasonable cause to believe the same, the registrar can suo moto take the action and send notices to the concerned LLP and all its partners specifying his intention to strike off its name from register.

Recently various Registrar of Companies by invoking the said powers have struck off the Limited Liability Partnerships all over India through Public Notices. The said Act of the Registrar can be said to be the continuation of Government Action Plan to weed out the Defaulter and Defunct Companies and LLPs.

Earlier, the LLPs were to file all their overdue returns i.e. Form 8 and 11 with concerned Registrar along with payment of additional Fees of Rs. 100 per day which used to be about Lakhs of Rupees.

But, Ministry of Corporate Affairs vide Notification No. G.S.R. 470 (E) dated 16.05.2017 gave relaxation to the LLP that those LLPs which :

- have neither carried on their business
- not filed any return with concerned Registrar and
- want to struck off their LLPs,

will have to file the overdue returns of the years in which the LLPs have actually worked i.e. before the date of closure of their business i.e. the LLPs need not to file any returns for the period in which the business was actually not carrying on.

VII. SEBI

KYC Requirements for Foreign Portfolio Investors (FPIs) in India

In Order to strengthen the Know your client (KYC) framework for Foreign Portfolio Investors (FPIs) in accordance with the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, SEBI had issued Circular dated 10th April, 2018.

The timelines prescribed for the said Circular is as follows:

- The existing FPIs are required to provide the list of beneficial owners (BO) in the format prescribed within 6 months from the date of the circular.
- The Existing FPIs are required to change their structure or close their existing position in the Indian Securities market within 6 months from the date of the circular.
- The existing FPIs or their investors identified on basis of threshold for identification of BO in accordance with Rule 9 of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 who do not conform to the requirements were required to ensure compliance within 6 months of the date of the circular.
- In respect to the exempted documents to be provided during investigations / enquiry, the existing FPIs are required to provide the documents specified therein within 6 months from the date of the circular.
- All existing FPIs whose clubbed in investment in Equity shares of a company is in breach of the provisions of Regulation 21 are required to ensure compliance within 6 months from the date of the circular.

Now as per the Circular of SEBI dated 21st August, 2018, all the above timelines are extended till 31st December, 2018.

VIII. IBBI

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2018 received the President's assent on 17th August, 2018 as is deemed to be effective from 6th June, 2018.

Some of the Changes brought in by this amendment are as under:

The decision of the Committee of Creditors shall be taken by a vote of not less than 51% of voting share of the Financial Creditors in case of absence of any threshold limit.

The amended code allows withdrawal of a Resolution application with the approval of 90% members of the Committee of Creditors.

As per the amended code, where the Resolution Plan contains provision for Combination as referred to in the Section 5 of the Competition Act, 2002, the Resolution applicant shall obtain prior approval of the Competition Commission of India prior to the approval of such resolution plan by the committee of Creditors

The amended code also provides relief to the Micro, Small and Medium Enterprises by allowing the Promoter of an MSME to bid for his enterprise undergoing corporate insolvency Resolution process.

Insertion of clause to provide for the Financial Creditors to appoint an Authorized Representative to act on behalf of such Financial Creditors. The amended Act also provides for the rights and duties of the Authorized representative of the Financial Creditors.

The Insolvency and Bankruptcy Code (Second Amendment) Act, 2018, has repealed the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018.

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