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## I. CHART OF FORTHCOMING DUE DATES: -

### a) GST

Month	GSTR -1 Monthly	GSTR -3B
Feb 2019	11 <sup>th</sup>	20 <sup>th</sup>

### b) Others

Month	TDS Payment	ESIC Payment	P.F. Payment	PT Return*
Feb 2019	7 <sup>th</sup>	15 <sup>th</sup>	15 <sup>th</sup>	28 <sup>th</sup>

\* Applicable only in case of monthly return

## II. OVERVIEW:

### o IMPACT OF INTERIM BUDGET 2019

#### ❖ BENEFITS FOR LOW AND MIDDLE CLASS INCOME EARNER

#### • **Rebate u/s 87A to individual taxpayers having income upto Rs. 5,00,000**

Rebate under section 87A provides for a marginally lower payment of taxes to individuals earning an income below the specified limit.

Eligibility to claim rebate u/s 87A

1. You must be a RESIDENT INDIVIDUAL; and
2. Your Total Income, less Deductions, (under Section 80) is equal to or less than Rs 5 lakhs.
3. The rebate is limited to Rs 12,500. This means that if the total tax payable is lower than Rs 12,500, then that amount will be the rebate under section 87A. This rebate is applied to the total tax before adding the Education Cess (4%).

(For FY 18-19- the amount of Tax rebate is limited to Rs. 2500)

#### • **Standard Deduction for Salaried Employees increased from Rs. 40000 to Rs. 50000**

Standard Deduction is usually deducted from the gross salary of the tax payer and claimed as an exemption. An example demonstrating the benefit is given below:

Particulars	Until AY 2018-19	From AY 2019-20	From 2020-21
<b>Gross Salary</b>	8,00,000	8,00,000	8,00,000
<b>(-) Transport Allowance</b>	19,200	Not Applicable	Not Applicable
<b>(-) Medical Allowance</b>	15,000	Not Applicable	Not Applicable
<b>(-) Standard Deduction</b>	Not Applicable	40,000	50,000
<b>Net Salary</b>	<b>7,65,800</b>	<b>7,60,000</b>	<b>7,50,000</b>

- **Increase in threshold limit for TDS on Rent u/s 194 I from Rs. 180000 to 240000**

Section 194I is applicable to:

Persons who are having rental income from land, building, plant & Machinery ,furniture & fittings etc. TDS rate on Plant & Machinery is 2% and on Land/Building and Furniture is 10%

Who are liable to deduct tax at source

In case the aggregate amount of rent credited or paid or likely to be credited or paid during a financial year exceeds 2,40,000.

- **Increase in threshold limit for TDS on interest u/s 194A from Rs. 10000 to Rs. 40000 on Fixed Deposits.**

Section 194A deals with TDS on interest other than interest on securities like Interest on Fixed Deposits, Interest on Loans and Advances other than banks.

The Payer / deductor shall deduct TDS if the amount of such interest paid/credited OR is likely to be paid / credited in a financial year exceeds Rs. 40,000

- **Benefit u/s. 80IBA has increased to one more year i.e. 2020**

Section 80IBA : Where Gross Total Income of an assessee includes any profits and gains derived from the business of developing and building housing projects, there shall, subject to the provisions of this section be allowed a deduction of an amount equal to 100% of the profits and gains derived from such business

Conditions

- Approval of the Project : 01/06/2016 to 31/03/2019 (*extended to 31/03/2020 vide Interim Budget 2019*)
- Project should be completed within 3 Year of approval

- Project was deemed to be completed when a certificate of completion of project as a whole is obtained in writing from the competent authority

❖ RELIEF TO HOUSE OWNERS

- **No Income tax on notional rent on second self-occupied house**
- If a person has more than one self-occupies house, then Income tax is payable on the notional rent.
- By the Interim Budget 2019, the notional rent from 2<sup>nd</sup> self-occupied property has been abolished

*Condition: There should be No outstanding loan on the 2<sup>nd</sup> house*

As per the general taxation rule, once an income becomes tax-free, the deduction available on the expenses related to that also goes.

Thus in such a case, for people using housing loan interest on their second house for tax planning will take a hit because the maximum interest benefit allowed on both these houses will now be restricted to Rs 2 lakh. More importantly, the carry-forward of remaining housing loan interest (above Rs 2 lakh per annum) on the second self-occupied house will not be allowed now.

- **2 years exemption from notional rent on unsold inventory for builders.**
- **Capital tax benefit u/s 54 has been increased from investment in 1 residential house to 2 residential houses. Applicable to tax payer having Capital gain of Rs. 2 Crore.**

❖ DIGITAL TRANSFORMATION

- Within 2 years, tax assessment will be done electronically
- IT returns processing in just 24 hours

❖ LABOUR BENEFITS

- Bonus - From Rs. 3,500 to Rs. 7000 pm & Max. ceiling pay from Rs. 10,000 to Rs. 21,000 pm.
- Enhancement of gratuity from Rs. 10 Lakhs to Rs. 20 Lakhs.
- ESI ceiling has increased from Rs. 15,000 pm to Rs. 21,000 pm.
- In event of death of a labourer during service, amount of EPFO enhanced from R. 2.5 lakhs to Rs. 6 lakhs.
- Contribution in National Pension Scheme increased by 4% making upto 14% by Government.

### III. GOODS & SERVICE TAX

#### o **GSTR-7 TDS return filing under GST:**

A return to be filed by the persons who are required to deduct TDS (Tax deducted at source) under GST.

#### Who are required to deduct TDS under GST

As per GST law following people/entities need to deduct TDS:

- a. A department or establishment of the Central or State Government, or
- b. Local authority, or
- c. Governmental agencies, or
- d. Persons or category of persons as may be notified, by the Central or a State Government on the recommendations of the Council.
- e. An authority or a board or any other body which has been set up by Parliament or a State Legislature or by a government, with 51% equity ( control) owned by government
- f. A society established by the Central or any State Government or a Local Authority and the society is registered under the Societies Registration Act, 1860
- g. Public sector undertakings

#### Applicability:

The above deductor are required to TDS where the total value of supply under the contract exceeds Rs 2.5 Lakhs. The rate for TDS is 2% (CGST 1% + SGST 1%) in case of intra state supply and 2 % (IGST) in case of interstate supplies.

#### Exception:

However, the TDS will *not* be deducted when the location of the supplier and place of supply is different from the registration place (State) of the recipient

#### Due Date:

Filing of GSTR 7 for a month is due on 10th of the following month.

#### **Revised Due date as per Notification dated 31<sup>st</sup> January, 2019**

Period (Monthly)	Due Date (TDS Deductor)
<b>October 2018</b>	28 <sup>th</sup> February 2019
<b>November 2018</b>	28 <sup>th</sup> February 2019
<b>December 2018</b>	28 <sup>th</sup> February 2019

## o Extension of Due dates

### Form GST TRAN-1

Any business having a closing stock -whether registered or not before GST, will be entitled to claim credit of tax paid under pre-GST regime

To help businesses transition smoothly and carry forward their input tax credit, the CBEC has released 2 transition forms called TRAN 1 and TRAN 2

### Broad aspects of Transition to GST

Transition aspects mainly relate to:

- **Input Tax Credit** of the old regime that you want to claim in the new regime (report in TRAN-1)
- Avoid any disruption to material sent to **job workers** ( report in TRAN-1)
- Report agent principal dealing and dispatch of goods, works contracts (report in TRAN -1)
- **Tax refunds and claims** under the old regime (not reportable in TRAN -1 or TRAN -2)

Vide CBIC Order dated 31<sup>st</sup> January, 2019, the period for submitting the declaration in FORM GST TRAN-1 has been further extended to 31<sup>st</sup> March 2019 who could not submit the said declaration by the due date on account of technical difficulties

## o RECENT CHANGES IN GST PORTAL

GSTN has made following updates to GST Portal in last week which includes-

- Portal will show list of Preferred Banks while making Payment,
- restriction for applying refund on quarterly basis for quarterly GSTR 1 filers is removed,
- Auto approval of Appeals filed by Taxpayer or Tax Department,
- Release of API related to Assessment and adjudication,
- Removal of validation of 2% in Form GSTR-7 and
- Population of data from EWB system into Form GSTR-1.

## IV. COMPANIES ACT

### o Mandatory Submission of Details of Loan to ROC

The MCA vide its notification dated 22<sup>nd</sup> January, 2019, made the *Companies (Acceptance of Deposits) Amendment Rules, 2019*. The Rule 16(A)(3) was inserted by this amendment which specifies that :

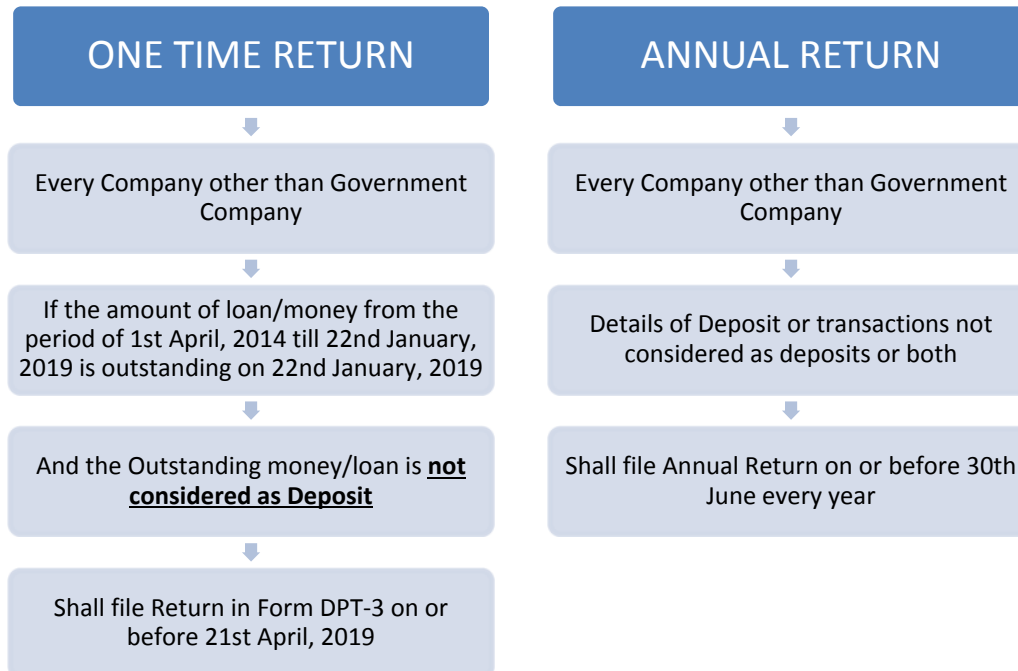
*Every Company (other than Government Company) shall file a One Time Return in Form DPT-3 with the details of all the outstanding receipt of money or loan by a Company but **not considered as Deposit** from 1<sup>st</sup> April, 2014 till the date of publication of the notification i.e.22<sup>nd</sup> January, 2019 within 90 days from the date of publication of the notification i.e. on or before 21<sup>st</sup> April, 2019*

#### Applicability

All Companies (whether small, Private, Public, OPC, etc.) other than Government Company.

#### Compliances

Every company other than Government Company shall file Return with the MCA in *Form DPT-3* for filing the details of any loan, whether treated as Deposit or not. There are 2 types of Return:



## o **Mandatory Submission of E-Form MSME-1**

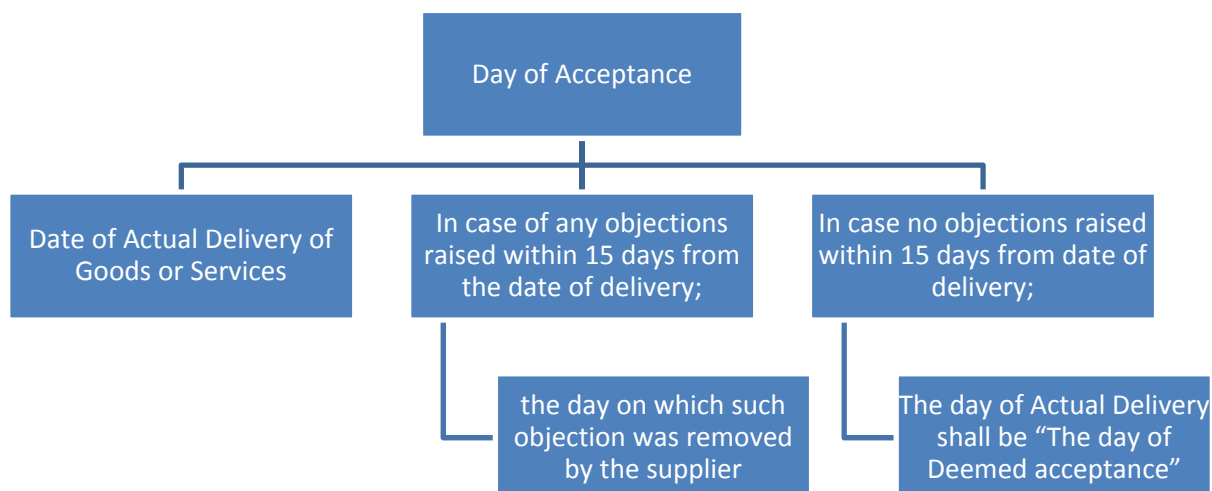
The Central Government vide its Notification dated 02.11.2018 directed that all companies who get supplies of goods or services from Micro and Small enterprises and whose payments to such Micro and Small enterprise exceeds 45 days from the date of acceptance or the date of deemed acceptance of the goods or services shall submit half yearly return to the MCA stating the amount of the payments due; and the reasons for the delay.

To give effect to the above, *The Specified Companies (Furnishing of Information about payment to micro and small enterprise suppliers) Order, 2019* was introduced which would be effective from 22<sup>nd</sup> January 2019

### **APPLICABILITY:**

The Order is applicable to *Specified Companies* as defined below

- All Companies
- Getting supplies of Goods or Services from Micro and Small enterprises
- Whose payment to such Micro and Small enterprise suppliers exceed 45 days from  
\*Date of acceptance / Date of Deemed Acceptance



### **COMPLIANCES:**

Every specified Company shall file Return with the MCA in e-form *MSME-1*. There are 2 types of return:

#### **a. One Time Return**

Due Date: within 30 days of publication of notification i.e. *on or before 20<sup>th</sup> February, 2019*

#### **b. Half-Yearly Return**

Due Date: For April - September = 31<sup>st</sup> October  
For October - March = 30<sup>th</sup> April



**INFORMATION REQUIRED:**

- Total Outstanding amount due as on 22.01.2019
- Particulars of Suppliers (Financial Years/Name/PAN/Amount Due/Date from which amount is due, etc.)
- Reasons for Delay

**V. INSOLVENCY AND BANKRUPTCY CODE**

**○ Mandatory Provision of Performance Security**

In order to encourage only those resolution applicants who are genuine, credible and capable of submitting and implementing the resolution plans, the Insolvency and Bankruptcy Board of India (IBBI) vide its notification dated 24<sup>th</sup> January, 2019 mandated the resolution applicants to furnish performance Security in the Corporate Resolution Process.

**What is Performance Security?**

The explanation I to sub-regulation 4A of regulation 36B of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations defines performance security as :

Security of such nature, value, duration and source as may be specified in the request for resolution plans with the approval of the committee, having regard to the nature of resolution plan and business of the corporate debtor.

e.g. guarantee from a bank for Rs. X for Y years or in relation to one or more variables such as the term of the resolution plan, amount payable to the creditors under the resolution plan, etc.

**The Process**

- The Resolution applicant (RA) shall submit Statement specifying whether the RA or any of its related parties has failed to implement or contribute to the failure of implementation of any other resolution plan approved by the Adjudicating Authority at any time in the past.
- Approval of Resolution Plan by the Committee of Creditors (COC)
- Provide Performance Security within time specified therein
- Submission of the Resolution plan by the Resolution Professional to the Adjudicating Authority along with compliance certificate and evidence of receipt of performance security.

***The performance security will be forfeited if the Resolution applicant fails to implement the resolution plan***

## VI. RBI

### o One Time Restructuring of Advances to MSMEs

Considering the significant contribution of MSMEs in the Indian Economy and as a measure for creating and enabling an environment for this sector, the RBI on January 1<sup>st</sup> 2019 introduced the guidelines on restructuring of advances to MSMEs.

#### APPLICABILITY:

- The one-time restructuring would be available to
  - Existing loan of MSMEs that are in default as on 1<sup>st</sup> January, 2019
  - Classified as “**Standard**” asset
  - Without an asset classification downgrade till the date of implementation of the restructuring

#### ELIGIBILITY:

- Aggregate exposure to not exceed Rs. 25 Crore as on 1<sup>st</sup> January, 2019
- The borrowing entity must be GST registered (Not applicable for those exempted from GST registration)

#### CONDITIONS:

- Restructuring should be implemented by 31<sup>st</sup> March, 2020
- Provision of 5% (in addition to provisions already held) to be made in respect of accounts restructured under this scheme

#### COMPLIANCES:

- **BOARD APPROVED POLICY** on restructuring of MSME advances shall be put **WITHIN 1 MONTH** from the date of this notification
- Post restructuring NPA classification of these accounts shall be as per the extant IRAC norms.
- **DISCLOSURES IN THE FINANCIAL STATEMENTS** relating to MSME accounts restructured as per this notification.
- All other instructions applicable to restructuring of loans to MSME borrowers shall continue to be applicable.

Apart from the above one-time exemption, any MSME account which is restructured must be downgraded to NPA upon restructuring and will slip into progressively lower asset classification and higher provisioning requirements as per extant IRAC norms. Such account shall be considered for upgradation only upon making the payment within 30 days of it becoming due.

## o **Ombudsman Scheme for Digital Transactions**

Considering the exponential growth of the Digital Transactions in India, and the simultaneous rise in complexities and challenges such as fraudulent transactions, the RBI introduced the Ombudsman Scheme for Digital Transactions, 2019 which shall be effective from 31<sup>st</sup> January, 2019.

### **Objective**

The Scheme will provide Free of Cost Redressal mechanism to grievances raised by customers for digital transactions undertaken through non-banking channels such as mobile wallets, UPI, etc.

### **Grounds of Compliant:** Claiming Deficiency in following Services

#### ❖ **Prepaid Payment Instruments:**

- Failure in crediting merchant's account within reasonable time
- Failure to load funds within reasonable time in wallets / Cards
- Unauthorized electronic funds transfer
- Non-transfer / refusal / failure to transfer within reasonable time, the balance in the Prepaid Payment Instruments to the holder's own bank account or back to source at the time of closure, expiry of validity period, etc. of the prepaid payment instrument.
- Failure to refund within reasonable time/refusal to refund in case of unsuccessful/ returned / rejected / cancelled transactions;
- Non-credit / delay in crediting the account of the Prepaid Payment Instrument holder as per the terms and conditions of the promotion offer(s) from time to time, if any;
- Non-adherence to any other instruction of the RBI on Prepaid Payment Instruments

#### ❖ **Mobile / Electronic Fund Transfers:**

- Failure to effect online payment / fund transfer within reasonable time.
- Unauthorized electronic fund transfer
- Failure to act upon Stop-Payment instructions within the time frame and under the circumstances notified to the customers within prescribed timeline
- Failure to reverse the amount debited from the Customer Account in cases of failed payment Transactions within prescribed timeline;
- Non-adherence to any other instruction of the RBI on mobile / Electronic fund transfers.

- ❖ Non-adherence to instructions of RBI / respective System Provider to System Participants on payment transactions through Unified Payments Interface (UPI) / Bharat Bill Payment System (BBPS) / Bharat QR Code / UPI QR Code

- ❖ Non-reversal / failure to reverse within reasonable time, funds wrongly transferred to the beneficiary account due to lapse at the end of System Participant.
- ❖ Any other matter relating to the violation of the directives including on fees / charges if any, issued by the RBI in relation to digital transactions.

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