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I. CHART OF FORTHCOMING DUE DATES: -

a) GST

Month	GSTR -1 Monthly	GSTR -3B
April 2019	11 th	20 th

b) Others

Month	TDS Payment	ESIC Payment	P.F. Payment	INC-22A
April 2019	7 th	15 th	15 th	25 th

II. OVERVIEW:

o RELATED PARTY TRANSACTIONS UNDER COMPANIES ACT 2013

As per Section 188 of the Companies Act 2013:

*No Company shall enter into any **contract or arrangement** with a **related party** except with the prior approval by resolution of the Board of Directors OR the Company as applicable.*

WHO IS A RELATED PARTY ?

As per Section 2(76) of the Companies Act 2013, Related Party with reference to a Company means:

- Director or his relative
- Key Managerial person or his relative
- Firm in which Director, Manager or his relative is a partner;
- Private Company in which a Director or Manager or his relative is a member or Director;
- Public Company in which a Director and Manager is a Director and holds along with his relatives more than 2% of its paid-up Share capital;
- Any Body Corporate whose Board of Directors, Managing Director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager

- Any person on whose advice, directions or instructions a director or manager is accustomed to act.
- Holding Subsidiary / Associate of such Company
- Subsidiary of holding company to which it is also a subsidiary
- Investing Company or Venturer of the Company.

WHAT ARE CONSIDERED AS RELATED PARTY TRANSACTIONS?

Under Section 188 of the Companies Act 2013, following transactions are covered:

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company

COMPLIANCES TO BE DONE:

ORDINARY RESOLUTION OF THE MEMBERS:

SR.NO.	NATURE OF TRANSACTIONS	LIMIT
1.	Sale, purchase or supply of any goods or material, directly or through appointment of agent	≥ 10% of the Turnover of the Company OR Rs. 100 Crore whichever is lower
2.	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent,	≥ 10% of the Net Worth of the Company OR Rs. 100 Crore whichever is lower

3.	Leasing of property any kind	$\geq 10\%$ of the Net Worth of the Company OR $\geq 10\%$ of the Turnover of the Company OR Rs. 100 Crore whichever is lower
4.	Availing or rendering of any services, directly or through appointment of agent	$\geq 10\%$ of the Net Worth of the Company OR $< \text{Rs. } 100 \text{ Crore}$ whichever is lower
5.	Appointment of related party at any office or place of profit in the Company / its subsidiary / associate Company	Monthly remuneration exceeding Rs. 2,50,000
6.	Remuneration for underwriting the subscription of any securities or derivatives, thereof of the Company	$> 1\%$ of the net worth

For Transactions not exceeding the limits as mentioned above, prior approval of the Board of Directors would be required.

****If Transaction is entered into without obtaining the consent of the Board / members as applicable, the same can be ratified by the Board / Members (as applicable) within 3 months from the date of such contract.***

EFFECT OF NON-COMPLIANCE

- Such an agreement / contract shall be voidable at the option of the Board / Members (as applicable) and the Director concerned shall indemnify the Company against any loss incurred by it.

- The Company can proceed against the Director / any other Employee who had entered into such transaction for recovery of any loss as a result of such contract / arrangement
- Any Director / any other Employee who had entered into such transaction shall:

In case of listed company	In case of other Company
Imprisonment upto 1 year OR Fine of Rs. 25,000 to Rs. 5 Lakhs OR Both	Fine of Rs. 25,000 to Rs. 5 Lakhs.

III. INCOME TAX

o INCOME TAX EXEMPTIONS EFFECTIVE FROM 1ST APRIL, 2019

➤ CHANGE IN TAX REBATE

The total income threshold has now been increased to Rs 5 lakh per annum, resulting in an increase in the tax rebate from Rs 2,500 to Rs 12,500

➤ NO DEEMED RENTAL INCOME ON HAVING TWO RESIDENTIAL HOUSE PROPERTIES

From FY 2019-20, people with 2nd Self-occupied house lying vacant will not be required to pay notional rent. However there has been no change in aggregate limit for deduction in respect of interest on housing loan.

The aggregate deduction for interest on housing loan for both houses cannot exceed Rs. 30,000 or Rs. 2,00,000

➤ INCREASED STANDARD DEDUCTION

Standard deduction was first introduced in Budget 2018 in lieu of transport allowance and medical reimbursement. This deduction is available to all the salaried class and pensioners. This standard deduction has now been increased from Rs. 40,000 to Rs. 50,000 for salaried individuals.

➤ CHANGES IN TAXATION ON LTCG ON EQUITY

LTCG tax on equity shares and equity-oriented mutual funds was announced in Budget 2018. Therefore, if you have sold equity shares and/or units of equity-oriented mutual funds in FY2018-19, which was held for more than one year, you will be required to pay tax on and report these transactions while filing ITR for FY2018-19. The LTCG will attract a tax rate of 10% without indexation benefit, if the gain exceeds Rs 1 lakh in FY 2018-19.

➤ INCREASE IN TDS LIMIT

The threshold for deduction of tax at source on interest earned from banks and post office deposits has been increased from Rs 10,000 to Rs 40,000. Further, it also obviates the need for such non-taxable individuals (earning bank interest up to this limit) to submit Form 15G in order to get the banks not to withhold TDS.

❖ **EXTENSION OF DUE DATE FOR LINKING AADHAR-PAN**

The Central Board of Direct Taxes (CBDT) vide notification dated 31st March 2019, extended the due date for linking of Aadhar with PAN.

It was further clarified that:

- Mandatory to quote and link Aadhaar number while filing the return of income from 1st April, 2019
- Every person who has been allotted permanent account number as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to the Principal Director General of Income-tax (Systems) or Principal Director of Income-tax (Systems) in the form and manner specified in Notification no. 7 dated 29th of June, 2017 by 30th Sep, 2019
- Not applicable to those persons or such class of persons or any State or part of any State who/which are/is specifically excluded under sub-section (3) of section 139AA of the Income Tax Act.
- The returns being filed either electronically or manually cannot be filed without quoting the number

IV. GOODS & SERVICE TAX

o GST ON REAL ESTATE

In the 34th GST Council meeting, the operational details for implementation of lower effective GST rates on Real Estate has been approved.

New Tax Rates for Real Estate Sector

GST Rates for affordable Houses

- GST @ 1% without Input Tax Credit (ITC) would be charged on under-construction affordable housing projects
- **Conditions for applicability:**
 - All houses under the purview of affordable housing definition
 - All affordable houses being constructed in ongoing projects under the existing central and state housing schemes

GST Rates for under construction houses other than affordable housing

- GST of 5% without Input Tax Credit would be charged to under-construction houses other than affordable housing projects.
- **Conditions for applicability:**
 - All houses apart from affordable houses
 - (In case of houses booked before 1st April, 2019, the new GST rate shall be applicable on installments payable on or after 1st April, 2019)
 - All Commercial shops, offices, etc. part of residential real estate project.
 - (Provided that the carpet area is not more than 15% of the Total Carpet area of all apartments)

Other General Conditions

- ✓ Input Tax Credit shall not be available
- ✓ 80% of inputs or input services must be purchased from registered persons (excluding capital goods, Transfer Development Rights (TDR) , Joint Development Agreement (JDA), Floor Space Index (FSI), Long Term lease premium)

Option for Ongoing Projects:

To continue to pay tax at old GST rates on on – going projects as a one time option

- Promoters would have to pay an effective GST rate of 8% on under – construction affordable housing projects
- Whereas, an effective GST rate of 12% would be levied on under – construction projects other than affordable housing.

To pay tax as per the new GST rates

- The promoters would have to pay an effective GST rate of 1% on under – construction affordable housing projects.
- Whereas an effective GST rate of 5% would be levied on other under – construction projects other than affordable housing

Excercising the Option:

- If Option is not exercised then New rates will be applicable w.e.f 01.04.2019 on all ongoing projects.
- A builder can exercise option project wise.
- Option has to be exercised before 10.05.2019
- GST rates for the period between 01.04.2019 to 10.05.2019 (period of exercising option) will be as per option exercised.
- Option form is as per Annexure IV of Notification

GST Rates:

For Ongoing Projects (where option is not exercised)

Sr. No.	Category	Effective GST Rate	Conditions	Remarks
1.	Residential Projects a. Affordable	1%	No ITC	Up to 15% carpet area of commercial space allowed. Rate will be same as for residential units.
	b. Non Affordable	5%	No ITC	

2.	Commercial Projects	12%	With ITC	
3.	Mix Projects		Proportionate ITC	Where Commercial space exceeds 15%
	Commercial	12%		
	Affordable	1%		
	Non Affordable	5%		

For Ongoing Projects (where option is exercised)

Sr. No.	Category	Effective GST Rate	Conditions
1.	Residential Projects a. Affordable	8%	With ITC
	b. Non Affordable	12%	With ITC
2.	Commercial Projects	12%	With ITC
3.	Mix Projects		With ITC
	Commercial	12%	
	Affordable	8%	
	Non Affordable	12%	

V. COMPANIES ACT

o INTRODUCTION OF E-FORM AGILE - SINGLE WINDOW CLEARANCE FOR COMPANY INCORPORATION

With a start of new financial year MCA has come up with a very useful and time trimming service of registration under various other commercial acts. Vide the newly amended Companies (Incorporation) Third Amendment Rules, 2019, the MCA has introduced new e-form AGILE (Application for Goods and Services Tax Identification Number, Employees' State Insurance Corporation registration plus Employees' Provident Fund Organization Registration) as INC-35

According to the new Rule, an application for incorporation of Company shall be accompanied with Form AGILE

The Key highlights of the Amendment related to the E-form AGILE are as under:

- By filing e-form AGILE along with SPICE (incorporation form), the Company would be automatically enrolled for Goods and Services Tax (GST), Employees State Insurance Corporation (ESIC) and Employees Provident Fund Organization (EPFO).
- The effective dates for applying registrations through e-form AGILE are:
 - ✓ For GSTIN - 31st March, 2019
 - ✓ For EPFO - 8th April, 2019
 - ✓ For ESIC - 15th April, 2019
- Taking all the numbers is not mandatory but the company have option to tick in only those boxes in which organization the Co. wants to get registered.
- Along with this companies also have full option not to take registration in any of the authorities mentioned in the form.
- The applicability of this Form will act as the single window clearance system and Incorporation of new Companies along with taking registration under various other authorities will become easier and faster.

VI. RBI

o FOREIGN DIRECT INVESTMENT IN LLP

Foreign Investment in LLP is permitted under the Automatic Route operating in sectors where 100% FDI is allowed and there are no FDI linked performance conditions.

ELIGIBILITY

Eligible LLP activity / sector

- LLP operating in sector / activities where
 - Foreign Investment upto 100% is permitted under automatic route
- AND
 - There is no performance linked conditions

Eligible Investor

- A person resident outside India
- OR
- An entity incorporated outside India

Non-Eligible Investor

Citizen / entity of Pakistan/Bangladesh; Foreign Portfolio Investor (FPI); Foreign Venture Capital Investor

PROHIBITED SECTORS

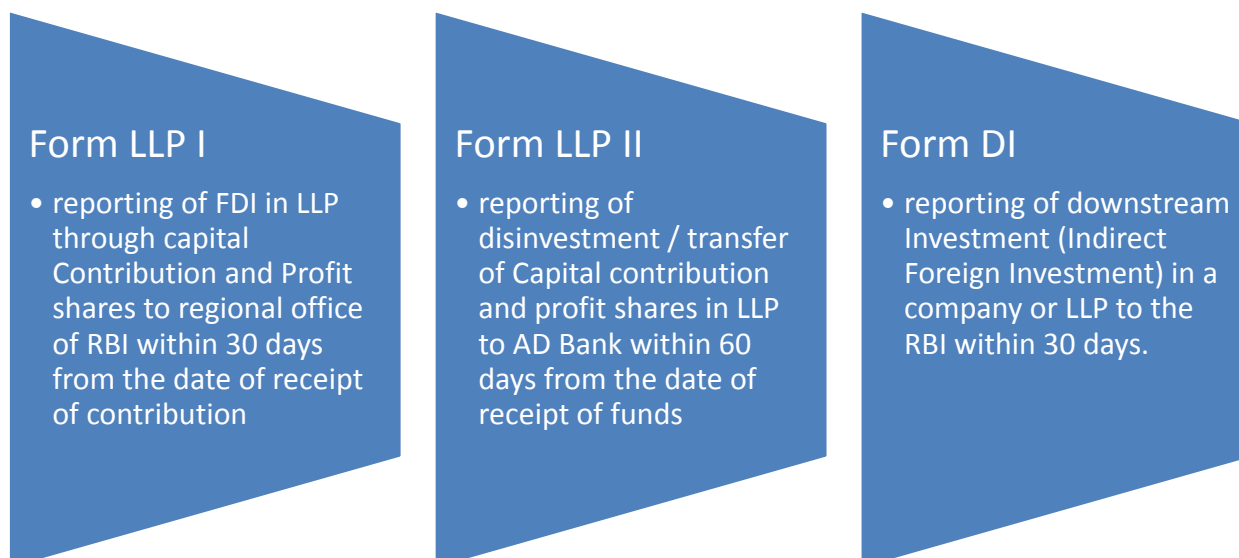
- Lottery Business
- Gambling and betting including Casino
- Chit Fund
- Nidhi Company
- Trading in transferrable Development Rights
- Real Estate Business (defined under regulation 15)
- Manufacturing of Cigars / Tobacco substitutes
- Atomic Energy
- Railway Operations

MODES OF INVESTMENT



- Not less than the fair price worked out as per internationally accepted valuation norms
- a) from resident to Person resident Outside India \geq Fair Price of capital Contribution
- b) from Person resident outside India to Resident \leq fair price of capital contribution
- The payment towards Capital Contribution of LLP shall be made by way of :
 - i. an inward remittance through banking channel; or
 - ii. Out of funds held in NRE or FCNR (B) account

REPORTING REQUIREMENT



Form LLP I

- reporting of FDI in LLP through capital Contribution and Profit shares to regional office of RBI within 30 days from the date of receipt of contribution

Form LLP II

- reporting of disinvestment / transfer of Capital contribution and profit shares in LLP to AD Bank within 60 days from the date of receipt of funds

Form DI

- reporting of downstream Investment (Indirect Foreign Investment) in a company or LLP to the RBI within 30 days.

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Thanking you,

Yours faithfully,

Umesh P. Gosar & Associates

Chartered Accountants

EMPANELED TAX EXPERT FOR SUFI

902, "Empressa" Plot No. 56, 2nd Road,

Above Oriental Bank of Commerce, Khar - West,

Mumbai - 400 052.

Phone: +91 - 22 - 26462554

Email: umesh@upgassociates.com

Steel Users Federation of India

(Sec.8 of Companies Act,2013 – Non Profit organisation)

Regd off: 2/3, Ashok Chambers, Devji Ratanshy Marg, Masjid East, Mumbai - 400 009.

CIN : U91100MH2015NPL267872 | Tel : 022 43430300 - 43430311

LinkedIn : <https://www.linkedin.com/in/steelusers-federation-0a0433141>

Facebook: <https://www.facebook.com/steelfederation>