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## I. CHART OF FORTHCOMING DUE DATES: -

### a) GST

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

### b) Others

Month	TDS Payment	ESIC Payment	P.F. Payment	TDS Return (Q4)	Form 11 (for LLPs)	Form MSME <sup>#</sup>
May 2019	7 <sup>th</sup>	15 <sup>th</sup>	15 <sup>th</sup>	31 <sup>st</sup>	30 <sup>th</sup>	30 <sup>th</sup>

<sup>#</sup>Applicable for all companies dealing with Micro and Small Enterprises and whose payment is outstanding for more than 45 days.

## II. OVERVIEW:

### o OVERSEAS DIRECT INVESTMENT

Direct Investment Outside India means investments, either under the **Automatic Route or the Approval Route**, by way of contribution to the capital or subscription to the Memorandum of a foreign entity or by way of purchase of existing shares of a foreign entity either by market purchase or private placement or through stock exchange, signifying a long-term interest in the foreign entity (JV or WOS)

### Specifically Prohibited activities/Investments:

Real Estate

Banking Business

Dealing in Financial products linked to Indian Rupee

Investment / Financial Commitment in Pakistan and countries identified by FATF as “non co-operative countries and territories” or as notified by RBI.

### **ODI under Automatic Route**

- The Total Financial commitment does not exceed 400% of the net worth as per the last audited balance sheet
- If Financial Commitment exceeds USD 1 billion or its equivalent in a financial year prior approval of RBI would be required.
- The Indian Party / entity may extend loan / guarantee only to an overseas JV/ WOS in which it has equity participation.
- The Indian party should not be on the RBI's Exporter's caution list / list of defaulters to the banking system circulated by RBI / CIBIL / any other Credit information company
- All transactions relating to a JV / WOS should be routed through one branch of an Authorized Dealer bank to be designated by the Indian Party.

Investment in JV / WOS abroad by Indian parties through the medium of a Special Purpose Vehicle (SPV) are also permitted under the Automatic Route.

***For cases not falling under the Automatic Route will require prior approval of RBI***

### **Method of Funding**

## Method of Funding

- Drawal of foreign exchange from an AD bank in India;
- Capitalization of exports;
- swap of shares (valuation as mentioned in para B.1 (e) above);
- proceeds of External Commercial Borrowings (ECBs) / Foreign Currency Convertible Bonds (FCCBs);
- in exchange of ADRs/GDRs issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and the guidelines issued thereunder from time to time by the Government of India;
- balances held in EEFC account of the Indian Party and
- proceeds of foreign currency funds raised through ADR / GDR issues.

**ODI Application**

- Indian Party to approach the designated AD Bank with an application in Form ODI
- AD Bank to submit the Form ODI online with RBI for generation of UIN which is critical for subsequent investments

**Documents to be enclosed with Form ODI**

- Board Resolution
- Statutory Auditor's Certificate
- Fair Valuation Certificate (Only for additional investment in WOS if shares are issued at premium or discount)

*Any post investment changes subsequent to the allotment of the UIN are required to be reported as indicated in the operational instructions on submission of Form ODI Part I*

*Any non-compliance with respect to the instruction for submission of Form ODI Part I, Part II and Part III shall be treated as contravention of Regulation 6 (2) (vi), Regulation 15 and Regulation 16 respectively, of the FEMA Notification No 120/RB-2004 dated July 07, 2004 as amended. The Reserve Bank will take a serious view on non-compliance with the guidelines/ instructions and initiate penal action as considered necessary.*

### III. INCOME TAX

#### o FORM 16 - IMPORTANT CHANGES

With a view to make it more comprehensive to help check Tax avoidance, the Income Tax Department vide notification dated 12<sup>th</sup> April, 2019 has revised the Form 16. The CBDT also vide its notification dated 6<sup>th</sup> May, 2019 made it mandatory for employers to download and issue Part-B of Form 16 to employees only from the TRACES Portal.

#### EFFECTIVE DATE

The amended form will come into effect from 12<sup>th</sup> May, 2019.

#### WHAT IS FORM 16

Form 16 is a Certificate from the employer that has details of salary paid to an employee and the Tax Deducted at Source (TDS) from his or her salary for the financial year. It has to be issued by the Employer to the Employee under Section 203 of the Income Tax Act 1961. The form consists of two sections i.e. Part A and Part B

#### CHANGES IN PART B OF THE FORM

The new format would list details of :

1. The detailed break-up of Salary
2. Detailed break-up of exempted allowances under Section 10
  - a. Leave travel concession exempt under Section 10(5)
  - b. Death cum retirement gratuity exempt under Section 10(10)
  - c. Commuted value of pension under Section 10(10A)
  - d. Leave encashment under Section 10(10AA)
  - e. House rent allowance under Section 10(13A)
3. Deductions allowed under the Income Tax Act (under Chapter VIA) i.e. Section 80C, 80CC, 80CCD(1), 80CCD(1B), 80CCD(2), 80D, 80E, 80G and 80TTA.
4. Any other Section of Chapter VIA must be mentioned quoting the respective section.
5. Relief under Section 89.
6. Details of Rebate and Surcharge
7. TDS Return- similar break-up of exemptions under Section 10 and Deductions under Chapter VI-A is also added in Form 24Q.

#### PURPOSE FOR CHANGE

- To cross check the information given by the employee under ITR with the TDS return filed by his employer.
- To make the Form in sync with the ITR forms notified for FY 2018-19

## ○ KEY CHANGES IN FORMS ITR-1 AND ITR-2 FOR FY 2019-20

The government notified changes in the Income Tax Return (ITR) forms for FY 2018-19. The changes have been made keeping in view the changes made in the Income Tax laws in the Budget for the FY 2018-19 and onwards.

Below are the few changes in the ITR forms 1 and 2:

### Complete details of buyer to whom property is sold:

- If property is sold in FY 2018-19, the complete details of buyer will have to be given in Form ITR-2, if TDS is deducted by the buyer while making the payment.
- If the sale value is between Rs. 10 Lakh to Rs. 50 Lakh, even then quoting of PAN of the buyer is mandatory though deducting TDS is not mandatory.

### Investment details in unlisted companies

- The details of the holding in shares in unlisted company are required to be disclosed in the ITR-2.
- Below details are required to be provided:
  - Name and PAN of the Company
  - Number and cost of acquisition at the beginning of the year.
  - Number of shares, face value, issue price and date of purchase of shares acquired during the year.
  - Number and sale consideration of shares transferred during the year.

### Mention of DIN

- The Director of a Company will be mandatorily required to specify the DIN (Director Identification Number) in ITR-2 or 3 whichever is applicable.
- Along with the DIN, details of the Company such as the name and PAN of the Company, whether shares are listed or not, are required to be specified.

## IV. GOODS & SERVICE TAX

### o ENHANCEMENTS IN E-WAY BILL SYSTEM

Auto calculation of route distance based on PIN code for generation of EWB

- Auto calculation of route distance for movement of goods, based on the Postal PIN codes of source and destination locations given by the user.
- Calculate and display the actual distance between the supplier and recipient addresses. User can edit the distance shown, but it will be limited to 10% more than the displayed distance.
- In case, source PIN and destination PIN are same, the user can enter up to a maximum of 100 kms only.
- If PIN entered is incorrect, the system would alert the user as INVALID PIN CODE, but he can continue entering the distance

Knowing the distance between two PIN Codes:

- Know the distance between source and destination by selecting "PIN to PIN distance" in Search section on the EWB System home page.

Blocking of generation of multiple E-Way Bills on one Invoice/document

- EWB system will not allow generation of multiple e-way bills based on one invoice.

Extension of E-Way Bill in case Consignment is in Transit

- The taxpayer or transporter (who has been assigned an EWB) can now extend E-way Bill validity, when goods are in transit.

Report on EWB which are about to expire soon

- Users of EWB System can now view the list of EWB about to expire in next three days. User can see this after logging into the EWB portal and navigating through Reports > My EWB Reports > EWB about to expire

## o CASES WHERE ITC IS NOT AVAILABLE UNDER GST

### • MOTOR VEHICLES & CONVEYANCES

- a. For Motor vehicles used to transport persons, having a seating capacity of less than or equal to 13 persons (including the driver).
- b. On Vessels and Aircraft

#### Exceptions to ITC on motor vehicles / vessels

- Supply of other vehicles or conveyances, vessels or aircrafts.
- Transportation of passengers
- Imparting training on driving, flying, navigating such vehicle or conveyances or vessels or aircrafts, respectively.
- Transportation of goods

### • FOOD, BEVERAGES, CLUB MEMBERSHIPS AND OTHERS

ITC is not for the supply of following goods or services or both:

- a. Food and beverages
- b. Outdoor catering
- c. Beauty treatment
- d. Health services
- e. Cosmetic and plastic surgery

### • SERVICES OF GENERAL INSURANCE, SERVICING, REPAIR AND MAINTENANCE

No ITC is allowed on services of general insurance, servicing, repair and maintenance in so far as they relate to motor vehicles, vessels or aircraft referred to in (1)

#### Exceptions to ITC on insurance, repair or maintenance

- Same as exceptions mentioned for motor vehicles/vessels/aircrafts
- where received by a taxable person engaged –
  - (i) In the manufacture of such motor vehicles, vessels or aircraft; or
  - (ii) In the supply of general insurance services in respect of such motor vehicles, vessels or aircraft insured by him

### • SALE OF MEMBERSHIP IN A CLUB, HEALTH, FITNESS CENTRE

No ITC will be allowed on any membership fees for gyms, clubs etc.



- **RENT-A-CAB, LIFE INSURANCE, HEALTH INSURANCE**

ITC is not available for rent-a-cab, health insurance and life insurance.

Following are exceptions, i.e., ITC is available for-

- a. Any services which are made obligatory for an employer to provide its employee by the Indian Government under any current law in force
  - b. If the category is same for the inward supply and outward supply or it is a part of the mixed or composite supply
  - c. leasing, renting or hiring of motor vehicles, vessels or aircraft with exceptions same as those mentioned for (1).
- **TRAVEL**  
ITC is not available in the case of travel, benefits extended to employees on vacation such as leave or home travel concession.
  - **WORKS CONTRACT**  
ITC shall not be available for any work contract services. ITC for the construction of an immovable property cannot be availed, except where the input service is used for further work contract services.
  - **CONSTRUCTING AN IMMOVABLE PROPERTY ON OWN ACCOUNT**  
No ITC is available for goods/services for construction of an immovable property on his own account. Even if such goods/services are used in the course or furtherance of business, ITC will not be available.  
But this rule does not apply to plant or machinery. ITC is available on inputs used to manufacture plant and machinery for own use.
  - **COMPOSITION SCHEME**  
No ITC would be available to the person who has made the payment of tax under composition scheme in GST law.
  - **NO ITC FOR NON-RESIDENTS**  
ITC cannot be availed on goods/services received by a non-resident taxable person. ITC is only available on any goods imported by him.

- **NO ITC FOR PERSONAL USE**

No ITC will be available for the goods/ services used for personal purposes and not for business purposes.

- **FREE SAMPLES AND DESTROYED GOODS**

No ITC is available for goods lost, stolen, destroyed, written off or given off as gift or free samples.

- **NO ITC IN FRAUD CASES**

ITC will not be available for any tax paid due to fraud cases which has resulted into -

- a. Non or short tax payment or
- b. Excessive refund or
- c. ITC utilised or

Fraud cases include fraud or willful misstatements or suppression of facts or confiscation and seizure of goods.

- **NO ITC ON RESTAURANTS**

As per Notification No. 46/2017-Central Tax (Rate), dated 14th November 2017, standalone restaurants will charge only 5% GST but cannot enjoy any ITC on the inputs. However, restaurants as part of hotels with room tariffs exceeding Rs. 7,500 still continue pay 18% GST and enjoy ITC.

## V. COMPANIES ACT

### o SUMMARY OF RECENT AMENDMENTS IN COMPANIES ACT

FORM NO	PURPOSE	APPLICABILITY	COMPLIANCES	PENALTY FOR NON-COMPLIANCE
<b>Form INC-20A</b>	Commencement of business	Every Company- <ul style="list-style-type: none"> <li>Incorporated after the Commencement of the Companies (Amendment) Ordinance, 2018; and</li> <li>Having Share Capital</li> </ul>	<ul style="list-style-type: none"> <li>File Declaration within a period of 180 days from the date of incorporation in Form INC-20A that every subscriber to the Memorandum has paid the value of the shares agreed to be taken by him on the date of making of such declaration, AND</li> <li>The Company has filed Form INC-22 with the Registrar, for verification of its registered office within 30 days from its incorporation as provided in Section 12(2)</li> <li>The contents of the Declaration to be filed in the said form shall be verified by a CA/CS/CWA</li> </ul>	<ul style="list-style-type: none"> <li>For the Company - Rs. 50,000 and</li> <li>For Every Officer - Rs. 1000 for each day during which such default continues upto Rs. 100,000</li> <li>Removal of name of the Company from the Registrar of Companies</li> </ul>
<b>FORM INC-22A</b>	Active company tagging identities and verification	All Companies registered on or before 31st December, 2017 having status as "ACTIVE" are required to file Form INC-22A on or before 15th June, 2019	<ul style="list-style-type: none"> <li>File the particulars of the Company and the Registered Office of the Company</li> <li>The Contents of the form shall be verified by a CA/CS / CWA</li> </ul>	<ul style="list-style-type: none"> <li>Penalty of Rs. 10,000/-</li> <li>The Status of such company shall be marked as "ACTIVE non-compliant"</li> <li>The registrar may cause physical verification of the registered office of the Company and</li> </ul>

				in case default is found, then action can be initiated for removal of name of the Company from the registrar of Companies. <ul style="list-style-type: none"> <li>• Non-acceptance of following event based forms from 26th April, 2019 till the date of filing of e-form INC-22A</li> </ul>
<b>FORM DPT-3</b>	One time return of any kind of outstanding receipt of money or loan by company	All Companies (whether small, Private, Public, OPC, etc.) other than Government Company	Report in Form DPT-3 all outstanding receipt of money or loan by a company which is not considered as deposit as per rule 2 (1)(c) from 1st April, 2014 till 31st March 2019 within 90 days from 31st March, 2019 i.e. on or before 28th June, 2019	<ul style="list-style-type: none"> <li>• For Company and every officer in default- upto Rs. 5000/-</li> <li>• For continuing offence - Rs. 500 for every day during which the contravention continues</li> </ul>
<b>FORM AGILE</b>	Application for goods and services tax identification number, employees state insurance corporation registration plus employees provident fund organization	To be filed while making application for Incorporation of a Company	<u>Mandatory requirements for Filing Form AGILE</u> <ul style="list-style-type: none"> <li>• Proof of Principal place of business</li> <li>• Proof of appointment of Authorized Signatory</li> <li>• Specimen Signature</li> </ul>	
<b>FORM DIR-3-KYC</b>	Application for KYC of directors	For Directors who have been allotted DIN as on 31st March every year u/s 154 of the	<ul style="list-style-type: none"> <li>• File the details of the Director along with Proof of Identity and Proof of Address in form DIR-3-KYC every year on or</li> </ul>	

		Companies Act, 2013	before 30th June (New form is yet to be deployed) •The Contents of the form shall be verified by a CA/CS / CWA.	
<b>FORM MSME</b>	Return in respect of outstanding payments to micro and small enterprises	<ul style="list-style-type: none"> <li>• All Companies</li> <li>• Getting supplies of Goods or Services from Micro and Small enterprises</li> <li>• Whose payment to such Micro and Small enterprise suppliers exceed 45 days from *Date of acceptance / Date of Deemed Acceptance</li> </ul>	<p>Every specified Company shall file Return with the MCA in e-form MSME-1. There are 2 types of return:</p> <p>i. One Time Return <u>Due Date:</u> On or before 30th May, 2019</p> <p>ii. Half-Yearly Return <u>Due Date:</u> For April - September = 31st October For October - March = 30th April</p>	

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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: [info@upgassociates.com](mailto:info@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>