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I. CHART OF FORTHCOMING DUE DATES: -

a) GST

| Month | GSTR -1 Monthly | GSTR -3B |
|---------------|--------------------|------------------|
| November 2019 | 11 th | 20 th |

b) Others

| Month | TDS Payment | ESIC Payment | P.F. Payment | Income Tax Return* | Form AOC-4# |
|------------------|-----------------|------------------|------------------|--------------------------|------------------|
| November 2019 | 7 th | 15 th | 15 th | 30 th | 29 th |

* For assessee covered under Transfer Pricing Regulations

Filing of Financial Statements of Companies for the Financial year ended 31.03.2019 with ROC under Companies Act, 2013

II. OVERVIEW:

o CORPORATE SOCIAL RESPONSIBILITY:

➤ WHAT IS CORPORATE SOCIAL RESPONSIBILITY (CSR)?

CSR is the procedure for assessing an organization's impact on society and evaluating their responsibilities.

India is the first country in the world to make Corporate Social Responsibility (CSR) mandatory following an amendment to the Companies Act in 2014

➤ APPLICABILITY:

Every Company with:

Net Worth \geq Rs. 500
Crore; OR

Turnover \geq Rs. 1000 Crore;
OR

Net Profit \geq Rs. 5 Crore

during the immediately preceding financial year

➤ COMPLIANCES REQUIRED:

- Constitute a CSR Committee
- Mandatory spending in every financial year of atleast 2% of average net profits of the Company in the immediately 3 preceding financial year.

➤ CSR COMMITTEE:

Every Company fulfilling the Applicability Criteria shall constitute Corporate Social Responsibility(CSR) Committee. Such Committee should consist of:

3 or more directors - of which one director shall be Independent Director

For companies where minimum no. of Directors is 2 and no Independent Director is mandatorily required to be appointed, then the Committee shall constitute of 2 or more Directors

➤ AMOUNT DETERMINATION:

The company is required to spend at least 2% of average net profit of three immediate previous financial years for the purpose of CSR. If the company is unable to spend such amount then, reasons for such failure shall be recorded in its report made under clause (o) of Section 134(3).

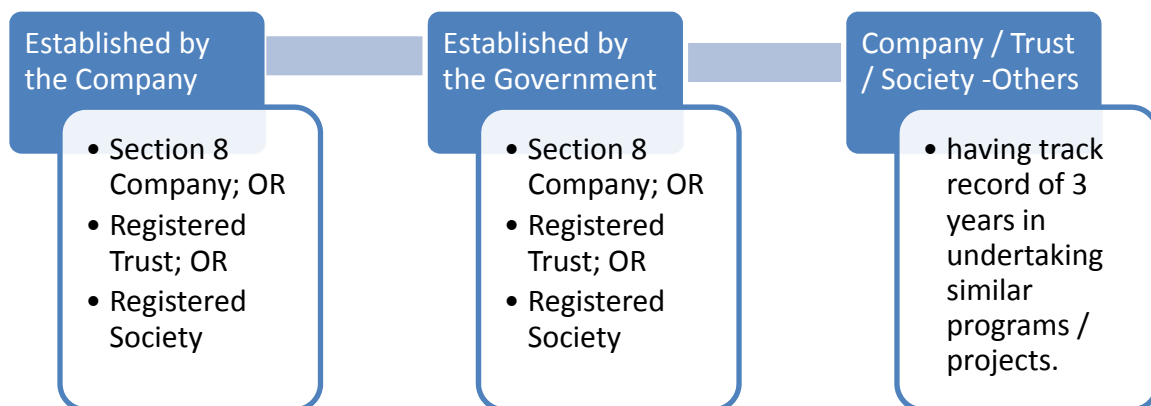
As per the Section 21 of the Companies Amendment Act, 2019 (yet to be notified)

If the company has failed to spend the prescribed amount (except where it relates to ongoing project), then such amount shall be transferred to Fund as specified in schedule VII.

For the amounts remaining unspent on account on any ongoing projects, then :

- The Company shall within a period of 30 days from the end of the financial year
- Transfer such amount
- To a special account “Unspent Corporate Social Responsibility Account” to be opened by the Company in this behalf; and
- Such amount shall be spent by the Company towards CSR within a period of 3 financial years from the date of such transfer

➤ CSR ACTIVITIES CAN BE UNDERTAKEN THROUGH:



➤ IMPACT OF NON-COMPLIANCE WITH CSR PROVISIONS:

- The Company shall be punishable with fine which shall not be less than *Rupees Fifty Thousand* but which *may extend to Rupees Twenty Five Lakh*
- Every Officer shall be punishable with *imprisonment* for a term which may extend to *3 Years* or with fine which shall not be less than *Rupees Fifty Thousand* but which may *extend to Rupees Five Lakh, or with both*

III. INCOME TAX

o RECENT AMENDMENTS TO THE INCOME TAX RULES:

➤ EXEMPTIONS FROM TDS ON CASH WITHDRAWALS (SECTION 194N):

The new Section 194N inserted with effect from 1st September, 2019 states that:

- For any payments made by a Banking Company / Co-Operative Society engaged in carrying on the business of Banking Company / Post Office
- To any person maintaining accounts with the Payer (except Government / Banking Co. / Co-Operative Society engaged in the business of Banking / any white label automated teller machine operator)
- In excess of Rs. One Crore.
- The Payer is liable to deduct TDS @ 2% of the sum exceeding Rs. 1 Crore.

Now, vide Notification dated 15th October 2019, the Central Government in consultation with RBI has exempted from deduction of TDS on Payments made to the below mentioned persons also:

- Authorised dealer, its franchise agent & sub-agent; AND
- Full-fledged money changer (FFMC) licensed by RBI and its franchise agent

Subject to the following conditions:

Purchase of foreign currency from foreign tourists/non-residents visiting India/resident Indians on their return to India, in cash as per the directions/guidelines issued by RBI; OR

Disbursement of inward remittances to the recipient beneficiaries in India in cash under Money Transfer Service Scheme (MTSS) of the RBI

And Certificate should be furnished stating that the withdrawal is only for the specified purpose & directions / guidelines of RBI have been complied with

➤ INTERCHANGEABILITY OF PAN AND AADHAR

The CBDT vide notification dated 6th November 2019 introduced the Income Tax (12th Amendment) Rules effective from 1st September 2019.

The Union Budget presented in July 2019 amended Section 139A to provide for interchangeability of PAN and Aadhar. Now, to provide for interchangeability of PAN and Aadhar various Forms and returns have been amended by the CBDT vide amendment to the rules.

➤ **TDS ON PAYMENTS MADE TO CONTRACTORS AND PROFESSIONALS**

As announced in the Union Budget 2019, effective from 1st September, 2019:

- Individuals / HUFs making payments made to Contractors/ Professionals
- Exceeding Rs. 50 Lakh in aggregate
- Will be required to deduct TDS @ 5%

e.g. Mr. A is making payment of Rs. 56 lakh to Mr. X (a contractor) for house renovation in a single year, then Mr. A would be required to deduct TDS @ 5% at the time of making the payment.

➤ **TDS ON ADDITIONAL PAYMENTS MADE AT THE TIME OF PURCHASING IMMOVABLE PROPERTY**

As per the Amendment to Section 194-IA of the Income Tax Act, effective from 1st September, 2019:

- Any Person purchasing immovable property
- Of \geq Rs. 50 Lakh
- Should deduct TDS @ 1% on Sales Consideration + Charges incidental to Transfer of immovable Property.

IV. COMPANIES ACT

○ **COMPLIANCES FOR INDEPENDENT DIRECTORS:**

Notification date: 22nd October, 2019

Effective From : 1st December, 2019

Institute: Indian Institute of Corporate Affairs

Compliances for Independent Director:

1. Application for inclusion of name in the Data Bank:

| By Whom? | When to apply? | How to Apply | Term of Inclusion of Name |
|---|---------------------------------------|--------------|---------------------------|
| Who has been appointed as Independent Director on the date of commencement of these rules | within 3 months from the commencement | Online | One Year; OR |

| | | | |
|--|-------------------------|--|--------------------------------|
| Who intends to be appointed as Independent Director after commencement | before such appointment | | Five Years; OR Life-Time |
|--|-------------------------|--|--------------------------------|

Any Individual not having DIN may voluntarily apply to the institute for inclusion of his name in the data bank

2. Declaration of compliance with above, to be submitted along with the declaration under Section 149(7)
3. Online Proficiency self-assessment test to be passed within 1 year from the date of inclusion of name in the data bank, failing which the name shall be removed from the database.

Exemption from passing online proficiency self-assessment test:

As on date of inclusion of name in databank, any Individual who has served as Director or KMP for atleast 10 years in listed company or unlisted public company with Paid up share capital of Rs. 10 Crore or more.

o AMENDMENTS TO THE COMPANIES INCORPORATION RULES:

The Ministry of Corporate Affairs (“MCA”) vide notification dated 16th October 2019 introduced the Eight Amendment to the Companies (Incorporation) Rules under the Companies Act, 2013.

One of the major change brought in by this amendment is allowing appointment of Directors in cases disqualification or deactivated DIN of the Directors in “ACTIVE non-Compliant” Companies

What is an ACTIVE Non-Compliant Company?

The MCA had made it mandatory for Companies incorporated on or before 31st December 2017 to file the e-Form INC-22A on or before 15th June 2019.

Effects of non-Compliance of above

In case a Company does not file INC-22A on or before 25th April, 2019, then:

- The Status of such company shall be marked as “ACTIVE non-compliant”

- The Status of the DIN of Directors shall be marked as “**Director of Active non-compliance company**”
- The registrar may cause physical verification of the registered office of the Company and in case default is found, then action can be initiated for removal of name of the Company from the registrar of Companies.
- Non-acceptance of following event based forms from 16th June, 2019 till the date of filing of e-form INC-22A:
 - a) SH-7 (Change in Authorized Capital)
 - b) PAS-3 (Change in Paid-up Capital)
 - c) DIR-12 (Change in Director except Cessation)
 - d) INC-22 (Change in Registered Office)
 - e) INC-28 (Amalgamation, de-merger)

AMENDMENTS:

EARLIER PROVISION

- A Company which has not filed the e-Form INC-22A, would not be allowed to file the Change in Directors (except Cessation) with the ROC unless the Form INC-22A is filed

NEW PROVISION

- The new Provision allows filing of following Changes in Director even if e-Form INC-22A is not filed:
 1. Cessation of any Director;
 2. Appointment of Director where no. of Directors falls below the minimum requirement on account of disqualification
 3. Appointment of Director where DINs of the Directors have been deactivated
 4. Appointment of Director(s) for implementation of Order of the Tribunal under this Act or the Insolvency and Bankruptcy Code, 2016

o INTRODUCTION OF COMPLIANCE MONITORING SYSTEM (MCACMS):

For the purpose of timely enforcement of Compliance under the Companies Act, 2013, MCA has introduced the “Ministry of Corporate Affairs Compliance Monitoring System” (MCACMS) an Artificial Intelligence based mechanism.

The purpose of the Compliance Monitoring Systems is to issue Show Cause notices to Companies who have not complied with the provisions of the Companies Act, 2013 through a dedicated online portal <https://mcacms.gov.in/>

What is MCA CMS?

Ministry of Corporate Affairs Compliance Monitoring System (MCACMS) is the online Compliance tracking mechanism that works on Artificial Intelligence. This portal will identify the non-compliance companies and send Show Cause notices to companies / Directors digitally.

The Process

1. Receipt of Show Cause notice from the CMS Portal on the e-mail ID of the defaulting Company / Directors bearing a unique reference number (CMS reference number)
2. Upon receipt of the notice, the recipient shall file its reply Online. The Procedure for filing the reply is as below:
 - Go the website of MCACMS <https://mcacms.gov.in/>
 - Click on reply to Show Cause Notice
 - Select the provision under which the reply is to be submitted
 - Input the CMS Reference no.
 - Generate OTP (OTP will be sent on the same e-Mail ID on which the show cause notice is received)
 - Input the OTP received
 - Submit the reply in upto 480 words OR as an attachment upto 50 MB
 - Confirmation message will be received upon successful submission of the reply.
 - Reply once submitted cannot be altered

Time limit for submission of Reply:

The recipient is required to submit the Reply to the show cause notice within 15 days

Impact of non-submission of Reply:

If the Recipient fails to reply to the Show Cause notice within the prescribed time, the MCA shall proceed with the penal actions for violation of the provisions of the Companies Act.

Conclusion:

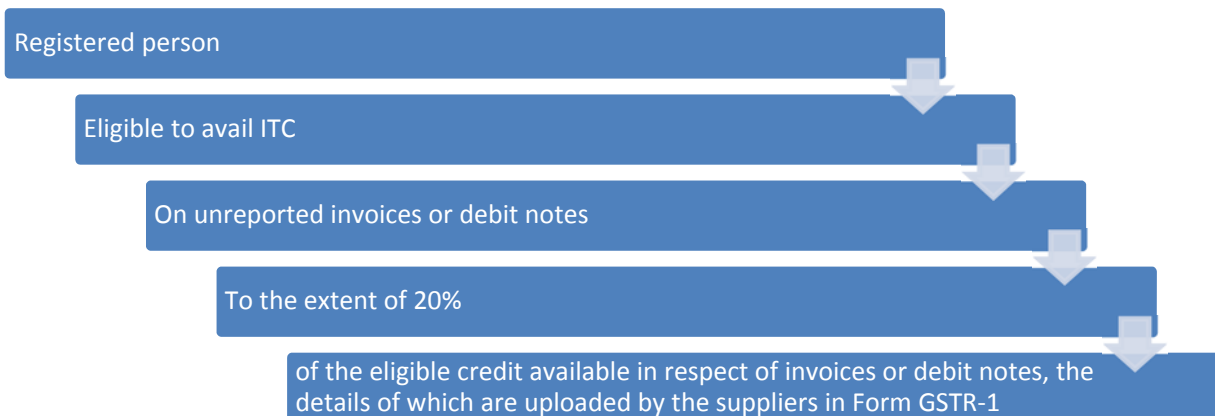
Entire process of monitoring compliance and adjudication would be done online. With the increasing compliances for companies, it has become very tough for companies to comply with all the provisions of the Companies Act. This new system will automatically track and detect the non-compliant companies.

V. GOODS & SERVICE TAX

o RESTRICTION ON INPUT TAX CREDIT:

The CBIC notified the Sixth Amendment to the Central Goods and Services Tax Rules vide notification dated 9th October, 2019,

As per this rule:



Impact:

- In order to avail the entire Input Tax Credit, businesses will now have to chase down their vendors to regularly upload their invoices every month
- Monthly reconciliation to be undertaken of purchase, credit register with GSTR 2A
- Increase in monthly compliance burden

o CHANGES IN SERVICES COVERED UNDER REVERSE CHARGE MECHANISM:

What is Reverse Charge Mechanism?

Normally, the liability to pay GST is on the supplier of Goods or services, but in certain cases the recipient of goods or services are liable to pay GST which is known as Reverse Charge Mechanism.

The Central Government vide notification dated 28th June, 2017 notified that for the following services rendered by the specified persons, the GST shall be paid on reverse charge basis:

| Sr. No. | Category of Services | Supplier of Services | Recipient of Service |
|---------|---|--|---|
| 1. | Goods Transport Agency (GTA) | Goods Transport Agency (GTA) | <ul style="list-style-type: none"> a) Any factory registered under the Factories Act, 1948. b) Any Society registered under the Societies Registration Act, 1860. c) Any co-operative society established by or under any law d) Any person registered under the CSGT/IGST/SGST or Union Territory GST Act. e) Any body corporate established by or under any law; f) Any partnership firm whether registered or not g) Any casual taxable person located in the taxable territory |
| 2. | Legal Services | An individual advocate including a senior advocate or firm of advocates. | Any business entity located in the taxable territory |
| 3. | Arbitral Services | An arbitral tribunal | Any business entity located in the taxable territory |
| 4. | Sponsorship Services | Any Person | Any Body corporate or partnership firm located in the taxable territory |
| 5. | Government Services | Central Government, State Government, Union territory or local authority | Any business entity located in the taxable territory |
| 6. | Services by Director | A director of a company or a body corporate | The company or a body corporate located in the taxable territory |
| 7. | Insurance Agent Service | An insurance agent | Any person carrying on insurance business, located in the taxable territory |
| 8. | Recovery Agent Service | A recovery agent | A banking company or a financial institution or a non-banking financial company, located in the taxable territory |
| *9. | <u>Copyright Service</u> by way of transfer or permitting the use or enjoyment of a copyright | Music composer, photographer, artist, or the like | Music company, producer or the like, located in the taxable territory |
| #9A | <u>Copyright Service</u> <u>Author</u> | Author | <u>Publisher located in the taxable territory except where:</u> |

| | | | |
|------|--|--|--|
| | | | <ul style="list-style-type: none"> i. The Author has taken registration under the GST Act and filed declaration ii. The Author makes declaration on the Invoice provided to publisher. |
| 10. | Reserve Bank Services | Members of Overseeing Committee constituted by the Reserve Bank of India | Reserve Bank of India |
| 11. | Services by DSAs | Individual Direct Selling Agents (DSAs) other than a body corporate, partnership or limited liability partnership firm. | A banking company or a non-banking financial company, located in the taxable territory |
| 12. | Business Facilitator Services | Business facilitator | A banking company, located in the taxable territory |
| 13. | Business Correspondent Services | An agent of Business Correspondent (BC). | A business correspondent, located in the taxable territory |
| 14. | Security Services except : i. Government Department / Establishments / Agencies which is registered under the GST Act only for deducting Tax ii. a registered person paying tax under Section 10 | Any person other than a body corporate | A registered person, located in the taxable territory |
| #15. | Renting of Motor Vehicle | Any person other than a body corporate paying central tax @ 2.5% | Any Body corporate located in the taxable territory |
| #16. | Securities Lending Services | Lender (person who deposits the securities registered in his name with an approved intermediary for the purpose of lending | Borrower (a person who borrows the securities under the Scheme) |

- Inserted vide notification dated 30th September, 2019

* - Amended vide notification dated 30th September, 2019

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Thanking you,

Yours faithfully,

Umesh P. Gosar & Associates

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