



# Just 5 Minutes

TAXCON<sup>TM</sup> INDIA PRIVATE LIMITED



# INCOME TAX

1. *Government extends certain timelines in light of the raging pandemic*

In view of the severe Covid-19 pandemic raging unabated across the country affecting the lives of our people, and in view of requests received from taxpayers, tax consultants & other stakeholders that various time barring dates, which were earlier extended to April 30, 2021 by various notifications, as well as under the Direct Tax Vivad se Vishwas Act, 2020, the Government has extended certain timelines:-

(i) Time limit for passing of any order for assessment or reassessment under the Income-tax Act, 1961(hereinafter called 'the Act') the time limit for which is provided under section 153 or section 153B thereof;



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- (ii) Time limit for passing an order consequent to direction of DRP under subsection (13) of section 144C of the Act;
- (iii) Time limit for issuance of notice under section 148 of the Act for reopening the assessment where income has escaped assessment;
- (iv) Time Limit for sending intimation of processing of Equalisation Levy under subsection (1) of section 168 of the Finance Act 2016. It has also been decided that time for payment of amount payable under the Direct Tax Vivad se Vishwas Act, 2020, without an additional amount, shall be further extended to 30th June, 2021.



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## 2. *CBDT notifies threshold limits for Significant Economic Presence under Sec. 9*

The non-resident shall be deemed to have significant economic presence in India if

- a) The amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a nonresident with any person in India, including provision of download of data or software in India during the previous year, shall be two crore rupees; or
- b) The number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be three lakhs



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## 3. *CBDT amends Rule 2B to provide exemption for cash allowance in lieu of LTC*

The CBDT has amended Rule 2B to provide an exemption in respect of cash allowance received in lieu of leave travel concession (LTC). Due to the COVID-19 pandemic and the nationwide lockdown, employees who had not been able to avail of LTC in the block of 2018-21 were allowed to claim exemption in respect of cash allowance subject to fulfilment of certain conditions.



# CORPORATE LAW

## 1. *Relaxation for filing forms without additional filing fee*

The Ministry has issued General Circular allowing stakeholders to file various forms due for filing during April 1, 2021 to May 31, 2021 under the Companies Act, 2013 and LLP Act, 2008 by July 31, 2021 without payment of additional fees.

## 2. *Gap between two board meetings*

In view of difficulties arising due to resurgence of Covid-19, the MCA has provided that the maximum gap between two board meetings can be of 180 days instead of 120 days during the quarter April -June 2021 and July- Sept 2021.



# CORPORATE LAW

## 3. *Clarification on spending of CSR funds for Covid Care*

In continuation to this Ministry's General Circular No. 10/2020, wherein it was clarified that spending of CSR funds for COVID-19 is an eligible CSR activity, it is further clarified that spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' or similar such activities are eligible CSR activities under item nos. (i) and (xii) of Schedule VII of the Companies Act, 2013 relating to promotion of health care, including preventive health care, and, disaster management respectively.



# CORPORATE LAW

## 4. *Relaxation by SEBI for filing accounts*

SEBI has relaxed compliance rules for India Inc amid the second wave of Covid pandemic. The regulator has extended the deadline by 45 days for companies to file their fourth quarter and annual audited financial results. They can now file by June 30.





# MISC PROVISIONS

*1. RBI extends time period for incentives allowed to commercial banks for lending to MSMEs*

Scheduled Commercial Banks were allowed to deduct the amount equivalent to credit disbursed to new MSME borrowers from their Net Demand and Time Liabilities (NDTL) for calculation of the Cash Reserve Ratio (CRR). This exemption was available up to ₹ 25 lakh per borrower for the credit disbursed up to the fortnight ending October 1, 2021. It has been decided to extend this exemption for such credits disbursed up to the fortnight ending December 31, 2021.

# CASE LAWS - INCOME TAX

## 1. *Delhi HC provides tax relief on dividend income to Dutch companies*

Delhi High Court in one-of-its-kind case has upheld the applicability of a 5% withholding tax rate for a Netherlands company on dividend income to be received from its Indian subsidiary by invoking the Most Favored Nation ('MFN') clause under the India-Netherlands tax treaty.

## 2. *Arpit Goel Vs ITO*

The ITAT Delhi has held that Assessing Officer is not supposed to arrive at the final conclusion. He is supposed to reach at a reasonable belief, which a prudent man will arrive at, that the income has escaped assessment. It has to be a prima facie case regarding escapement of income under section 147 of the Income Tax Act

# CASE LAWS - INCOME TAX

3. *No disallowance if assessee produced a letter from agriculturists insisting cash payments as they don't have bank A/c.*

Where assessee, engaged in real estate business, purchased agricultural land and made cash payment towards purchase of land and assessee produced evidence by way of confirmation letters from 5 out of 8 sellers who were agriculturists to show that they insisted on cash payments as they do not have bank accounts , payments made to 5 agriculturists do not call for any disallowance under section 40A(3).



# CASE LAWS

1. *Supreme Court further extends the period of limitation for all proceedings in view of sudden and second outburst of COVID-19 Virus.*

The Supreme Court has restored order and directed that period(s) of limitation, as prescribed under any general or special laws in respect of all judicial or quasi-judicial proceedings, whether condonable or not, would stand extended till further orders due to the extraordinary situation caused by sudden and second outburst of COVID-19 Virus.



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