

**Just 5 Minutes**

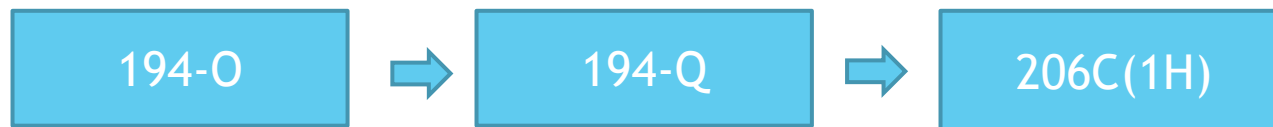
TAXCON<sup>TM</sup> INDIA PRIVATE LIMITED

# INCOME TAX

1. Clarification issued to deduct TDS under section 194Q by CBDT:
  - a) Threshold limit of Rs. 50 lakhs is to be computed from 01-04-2021;
  - b) TDS shall be deducted only on the value of goods and not on GST;
  - c) On Advance payment TDS shall be deducted on whole amount without excluding GST components. However, this may lead to blockage of Working Capital in some industries.
  - d) TDS on credit note issued on purchase return be adjusted against subsequent transaction only if the amount is refunded. However, if seller replaced the goods, no adjustment is required.
  - e) No TDS for NR buyers without PE in India.

# INCOME TAX

- f) No tax is required to be deducted where seller is a person who is exempt from income tax under the Income-tax Act or any other Act passed by the parliament. Similarly, no tax is required to be collected under Section 206C(1H), where buyer is a person who is exempt from income tax under the Income-tax Act or any other Act passed by the parliament
- g) If a transaction is covered both within the purview of Section 194-O as well as Section 194Q, tax is required to be deducted under section 194-O and not under section 194Q.
- h) If a transaction is covered both within the purview of section 194-O as well as Section 206C(1H), tax is required to be deducted under section 194-O.
- i) Therefore, the hierarchy for the applicability of section is :



# INCOME TAX

## 2. Various time limits have been extended by the CBDT:

Compliances	Original due dates	Extended Due dates
Objections to Dispute Resolution Panel (DRP) and Assessing Officer	Last date falling after 01/06/21	31/08/2021
The Statement of Deduction of Tax for Q4 for FY 2020-21	30/06/2021	15/07/2021
The Certificate of Tax Deducted at Source in Form No.16,	15/07/2021	31/07/2021
The Statement of Income paid or credited in Form 64D	30/06/2021	15/07/2021
The Statement of Income paid or credited in Form 64C	15/07/2021	31/07/2021
The application under Section 10(23C), 12AB, 35 and 80G	30/06/2021	31/08/2021
Claiming any exemption under the provisions contained in Section 54 to 54GB	Last date falling between 1 <sup>st</sup> Apr to 29 <sup>th</sup> Sept 2021	30/09/2021
The Quarterly Statement in Form No. 15CC	15/07/2021	31/07/2021
The Equalization Levy Statement in Form No.1	30/06/2021	31/07/2021
Declarations received from recipients in Form No. 15G/15H during the quarter ending on 30th June, 2021	15/07/2021	31/08/2021

# INCOME TAX

### 3. Use of functionality under Section 206AB and 206CCA of the Income-tax Act, 1961

CBDT has released compliance check facility for Section 206AB & Section 206CCA vide circular number 11/2021 dated 20st June 2021. Section 206AB introduced by Finance Act 2021 introduced higher Tax Deducted at Source Rate for Non-Filers of Income Tax Returns . Similarly, Section 206 CCA which was also introduced by Finance Act 2021 proposed a higher Tax Collected at Source Rate for Non-Filers of Income Tax Returns. These two Sections are applicable w.e.f. 1st July 2021.

# COMPANIES ACT

## 1. No additional fee for ROC forms upto July 31, 2021

MCA has granted additional time upto 31st August, 2021 for filing of forms of Companies & LLPs due for filing during April 01, 2021 to July 31, 2021 other than charge forms without any additional fees. The due dates of DPT-3 & Form CFSS is extended to 31st August, 2021

## 2. Holding EGM through VC or OAVM extended upto Dec 31, 2021

MCA has issued much-awaited clarification for passing general and special resolutions and convening EGM in unavoidable circumstances and extended the validity of the existing Circulars upto Dec 31, 2021, in the light of current social distancing norms. Accordingly, the EGMs can be held through VC & OAVM upto Dec 31, 2021.

# COMPANIES ACT

### 3. Govt notifies accounting standards for small, medium businesses under CA, 2013

The government has notified the accounting standards for small and medium companies that revise the turnover and borrowing limits as well as help in making disclosure requirements less onerous. Besides, the definition of Small and Medium Sized Companies (SMCs) under the standards has been revised. The Companies (Accounting Standards) Rules, 2021 have been notified by the corporate affairs ministry under the Companies Act, 2013

# MISC ACTS/ PROVISIONS

## 1. Due date for updation of IEC extended

The Director General of Foreign Trade (DGFT) has extended the due date of compliance of updation of IEC from June 30, 21 to July 31, 2021. Now the same can be updated upto July 31, 2021.

## 2. Niti Aayog suggest 100% tax exemption for donations & lower rate of interest

Niti Aayog has suggested 100% income tax exemption for donations and provision of working capital loans with lower interest rates for not-for-profit hospitals to strengthen healthcare services in India. In a report titled 'Not-for-Profit Hospital Model in India', the Aayog also pitched for involving high performing hospitals in public private partnership (PPP) models for managing primary health care (PHCs), operations of government facilities and PSU hospitals.



# CASE LAWS - INCOME TAX

## 1. E. Palaniappan Vs ITO (Madras High Court)

It has been held that income from conversion of sugarcane into jaggery is not an agricultural income. It is not the case of the appellant/assessee that the sugarcane in its original form could not be marketed by him. The conversion of sugarcane into jaggery is also not an essential process to make sugarcane marketable.

## 2. CIT (TDS) v. Oil & Natural & Natural Gas Corporation Ltd.

It has been held that Self-certification by employees that they have incurred expenditure towards uniform is sufficient for assessee employer not to deduct TDS on reimbursement made by it to said employees towards such expenditure incurred by them.

# CASE LAWS - INCOME TAX

## 3. Vandana Sethi v. ITO

It has been held that for the purpose of application of section 50C, the stamp duty value as on date of agreement to sell fixing the consideration is relevant and not the date of registration of sale deed. It was further held that the provision inserted in section 50C is clarificatory in nature.

## 4. All India Federation of Tax Practitioners v. ITO (ITAT Mumbai)

It has been held that where the property is held for charitable purposes and assessee is engaged in educational activities to spread education in matters relating to tax laws, other laws and accountancy, is entitled to exemption u/s 12A, 80G

# CASE LAWS - INCOME TAX

5. DCIT V. M/s Genesis Color Pvt. Ltd. (ITA No. 3941/del/2016) dated 24.03.2021

It has been held that the commercial transaction between the related company do not necessarily attract the provisions of section 2(22)(e) - Deemed Dividend, unless the revenue convincingly proved that the transactions were not commercial in nature by bringing appropriate material on record and with proper investigation

# CASE LAWS - INDIRECT TAX

1. *M/s. Shree Udyog Vs Commissioner of State Tax Odisha (Orissa High Court)*

It has been held that GST Appellate Authority should adopt more liberal approach in the matters of condonation of delay. The difficulties generally faced by lawyers and litigants in applying for and obtaining certified copies of orders is generally known.

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Specific advice/clarification should be obtained in case there is any doubt relating to the aforesaid