



SURAT BRANCH OF WIRC OF ICAI

E-NEWSLETTER
NOVEMBER 2020



SURAT BRANCH OF WIRC OF

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

CHAIRMAN's MESSAGE

Dear Professional Colleagues,

I believe the last few months have been a great learning for all of us. We got the much needed time to rejuvenate ourselves and obviously have learnt new skills. The pandemic has surely pushed us back on economic as well as social front; it is just like a 'Compressed Spring' and we will firmly bounce back. As economical activities are picking up momentum scarcity of work force is observed in major industries and it calls for optimizing the available capacities. On the other hand technology adoption has increased in conducting day to day business and management at large. Technology has impacted in a positive manner irrespective of operating scale. Businesses scaling from operation from home to larger organisation have adopted various modes of digital marketing and communication systems. Organisations have become more and more technology driven and have adopted work from home Information Technology infrastructure in every possible area of their respective organisation.

We as Chartered Accountants have obligation towards profession as well as society at large and should lead our life by the concept of 'Ikigai' – Having sense of purpose of life as well as being motivated to achieve our passion and working towards it as long as we can.

The GST council in its 35th Meeting has introduced the concept of E Invoicing, wherein B2B invoices generated by organisations shall be authenticated by GST Portal. The concept aims at elimination of manual data while filing GST returns. The concept, which was initially scheduled to be initiated from 1st April 2020, has now been deployed for organisations with turnover more than Rs 500 Crore from 1st October 2020. The concept of E invoicing is a major leap towards automated accounting in businesses and as Chartered Accountants we need to rapidly adapt to the new concept and also assist the organisations in adapting the same. This November, 2020 edition has covered Resolution Framework for COVID-19-related Stress, recent updates in the areas of direct taxation and indirect taxation for ready reference of our members.

CA. Ishwar Jivani

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EDITORIAL MESSAGE:-

Dear Professional Colleague,

Season of festivals!!!! Just now we have celebrated Navratri and Dusshera and Diwali. It is a festival which puts joy and rejuvenation in professional minds. I bless everyone a happy safe and wealthy. As per the latest news, Services sector activity has grown for the first time in last 8 months, which has resulted due to sharp rise in factory production. It is indeed positive news for our profession. I wish all the very best for the upcoming due dates under various regulations. I also invite more articles on the recent upcoming topics. You may write to us at surat@icai.org.



Stay healthy, wealthy and safe....

CA IP Pradeep Kabra

Resolution Framework for COVID-19-related Stress

Sr. No.	Particular	Parameters
1	Title	Resolution Framework for COVID-19-related Stress
2	RBI Circular reference	- RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048 /2020-21 August 6, 2020 - RBI/2018-19/203 BR.No.BP.BC.45/21.04.048 /2018-19 June 7, 2019
3	Credit Facility cover	- Personal Loan - Other than Personal Loan
4	Borrower/Credit facility not cover	(a) MSME borrowers whose aggregate exposure to lending institutions collectively, is Rs. 25 crore or less as on March 1, 2020. (b) Farm Credit (c) Loans to Primary Agricultural Credit Societies (PACS), Farmers' Service Societies (FSS) and Large-sized Adivasi Multi- Purpose Societies (LAMPS) for on-lending to agriculture. (d) Exposures of lending institutions to financial service providers (e) Exposures of lending institutions to Central and State Governments; Local Government bodies (eg. Municipal Corporations); and, body corporates established by an Act of Parliament or State Legislature. (f) Exposures of housing finance companies
5	Interest Rate	As per BOD Direction.
6	Security Coverage	As per BOD Direction.
7	Resolution Plan Included	The resolution plans may <i>inter alia</i> include rescheduling of payments, conversion of any interest accrued, or to be accrued, into another credit facility, or, granting of moratorium, based on an assessment of income streams of the borrower, <u>subject to a maximum of two years.</u> Correspondingly, the overall tenor of the loan may also get modified commensurately. The moratorium period, if granted, shall come into force immediately upon implementation of the resolution plan.
8	Pre - Condition	- Borrower which account classify as "Standard" till the date of invocation of resolution under this framework , but not default for more than 30 days as on March 01, 2020. - Invocation date means "date on which both the borrower and lending institution have agreed to proceed with a resolution plan under this framework."
9	Reference Date	The reference date for the outstanding amount of debt that may be considered for resolution shall be March 1, 2020.



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10	Process	<p>(a) On the basis of actual performance, estimates and projections that encompass the borrower's current level of operations, the borrower's cash flows are assessed to be insufficient to service all of its loans or debt securities (both interest and principal) in accordance with the contractual terms of the existing agreement for the foreseeable future.</p> <p>(b) A borrower's existing exposures are categorised as exposures that have already evidenced difficulty in the borrower's ability to repay in accordance with the bank's internal credit rating system.</p> <p>(c) Borrower should provide reason of financial difficulty, providing quantitative as well as qualitative parameters, for determining financial difficulty as expected from a prudent bank.</p>
11	(A) Resolution of Stress in Personal Loans	
	Applicable	<ul style="list-style-type: none"> - Individual borrowers - Credit facilities provided own personnel/staff shall not be eligible for resolution under this framework.
	Personal Loan Cover	Personal Loan included "(a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.)"
	Implementation	This framework may be invoked before December 31, 2020 and must be implemented within 90 days from the date of invocation (i.e. March 31, 2021).
	Condition	<ul style="list-style-type: none"> - All the document executed with condition of resolution plan. - All the change (Terms & Condition) are reflected in the book of bank. - Borrower is not in default as per revised terms. - Any violation of above condition offer normal prudential framework of IRAC norms.
	<u>(B) Resolution of Other Exposures</u>	
	Applicable	<ul style="list-style-type: none"> - Individual borrowers - Corporate Person (i.e. "Corporate Person" means a company as defined in clause (20) of section 2 of the Companies Act, 2013, a limited liability partnership, as defined in clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008, or any other person incorporated with limited liability under any law for the time being in force but shall not include any financial service provider;)
	Credit Facility Cover	<ul style="list-style-type: none"> - Exposures not cover into Personal Loan - Exposures included fund based as well non-fund based - Personal Loan included "(a) consumer credit, (b) education loan, (c) loans given for creation/ enhancement of immovable assets (e.g., housing, etc.), and (d) loans given for investment in financial assets (shares, debentures, etc.)"
	Implementation	<ul style="list-style-type: none"> - Resolution under this framework may be invoked not later than December 31, 2020 and must be implemented within 180 days (June 29, 2021) from the date of invocation. - However, if the plan is not implemented within 180 days from invocation, provisions as per the Prudential Framework shall be required to be maintained, as if a resolution process was never invoked under this window.
	Condition	<ul style="list-style-type: none"> - All the document executed with condition of resolution plan. - All the change (Terms & Condition) are reflected in the book of bank. - Borrower is not in default as per revised terms.



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		- Any violation of above condition/timeline offer normal prudential framework of IRAC norms.
12	Assets Classification	<ul style="list-style-type: none"> - Additional finance to borrower under these framework, if sanctioned even before implementation of the plan in order to meet the interim liquidity requirements of the borrower, may be classified as 'standard asset' till implementation of the plan regardless of the actual performance of the borrower with respect to such facilities in the interim. - However, if the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional finance sanctioned will be as per the actual performance of the borrower with respect to the additional finance or the rest of the credit facilities, whichever is worse. - If a resolution plan is implemented in adherence to the provisions of this facility, the asset classification of borrowers' accounts classified as Standard may be retained as such upon implementation, whereas the borrowers' accounts which may have slipped into NPA between invocation and implementation may be upgraded as Standard, as on the date of implementation of the plan.
13	Provision	<ul style="list-style-type: none"> - Bank Should make additional provision of 10%. - Provision already executed in respect of "COVID19 Regulatory Package - Asset Classification and Provisioning" circular dated April 17, 2020 utilised for meeting the provision requirements in all cases under this facility.
14	Reversal of Provision	<ul style="list-style-type: none"> - Bank can reverse this additional provision may be written back upon the borrower paying at least 20 per cent of the residual debt without slipping into NPA post implementation of the plan, and the remaining half may be written back upon the borrower paying another 10 per cent of the residual debt without slipping into NPA subsequently. - The provisions required to be maintained under this window, to the extent not already reversed, shall be available for the provisioning requirements when any of the accounts, where a resolution plan had been implemented, is subsequently classified as NPA
15	Disclosure Requirements	<ul style="list-style-type: none"> - Quarterly basis format prescribed in Format – A. - Half-yearly basis format prescribed in Format – B. - Bank may require to publish only annual financial statements shall make the required disclosures in their annual financial statements, along with other prescribed disclosures.
16	Credit Reporting	The credit history of the borrowers shall consequently be governed by the respective policies of the credit information companies as applicable to accounts that are restructured.
17	Dispute/Interpretation of Circular	<ul style="list-style-type: none"> - Any term not defined herein will be given meaning assigned to it in respective RBI circular/notification. - In case of any conflict of this circular with any RBI circular/notification, the RBI circular/notification would prevail. - The parameter prescribed/provided herein are in addition to parameter prescribed by RBI (if any) on subject.



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Check exemption list

(1) MSM E up to Rs. 25. Cr.

(2) Farm Credit

(3) Loan to PACS & Other

(4) Financial Service provider

(5) Loan to Central & State Government bodies

(6) HFC

Personal Loan

Other than Personal Loan

- (1) Account "Standard" till the date of invocation of resolution
- (2) Default not more than 30 days as on March 01, 2020.
- (3) Invoked before December 31, 2020 & Implement within 90 days from the invocation.
- (4) Rescheduling and other parameter maximum up to two year.
- (5) Document related resolution plan implement.
- (6) Terms duly reflected books of bank
- (7) Not default as per revised terms.
- (8) 10% provision
- (9) Disclosures as per specified interval and specified format

- (1) Applicable, which are not covered in to Personal Loan.
- (2) All condition above as same subject to implementation of 180 days in place of 90 days as per condition no. 3 of the above.
- (3) In the case of consortium account following condition satisfy.
- (4) 75% value and 60% number agree to invoke the same and ICA signed within 30 days from the date of invocation.
- (5) If not signed within stipulated time (30 days), the resolution process cannot be invoked again under this framework.
- (6) Bank who are not signed or not signed within 30 days, required provision of 20%.
- (7) Lenders to the borrower which are other than the lending institutions as per this circular may also sign the ICA, if they so desire.
- (8) If any dispute, settle through ICA, RBI not liable.

Credit Limit less than Rs. 100 Crore

Credit Limit 100 to 1500 Cr. ICA (Independent Credit Evaluation) by CRA

Credit Limit above 1500 Cr. RP assessed by EC (Expert Committee by RBI)

Contributed by:-

CA Gopal Dhakan





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Decoding power to issue summons under income tax act

Background

The power to issue summons as enshrined under Civil Procedure Code, 1908 is imported to Income Tax act through provisions of S.131. In this write up we'll try to understand the procedure, technicalities and law on subject. For sake of completeness, some of important provisions were also touched.

A. The type

Apart from power to record statement u/s 132(4) during the search, the power of discovery and inspection, enforcing the attendance of any person, compelling the production of books of account and issuing commissions were made available to income tax authorities. Broadly there are two type of summons which can be issued under income tax act. The purpose and intentions of both are materially different from each other. Before dwelling into issue, let us see bare text sections;

S131(1) - The Assessing Officer, Deputy Commissioner (Appeals), Joint Commissioner, Commissioner (Appeals), Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner and the Dispute Resolution Panel referred to in clause (a) of sub-section (15) of section 144C shall, for the purposes of this Act, have the same powers as are vested in a court under the Code of Civil Procedure, 1908 (5 of 1908), when trying a suit in respect of the following matters, namely :—

- (a) discovery and inspection;
- (b) enforcing the attendance of any person, including any officer of a banking company and examining him on oath;
- (c) compelling the production of books of account and other documents; and
- (d) issuing commissions.

(1A) If the Principal Director General or Director General or Principal Director or Director or Joint Director or Assistant Director or Deputy Director, or the authorised officer referred to in sub-section (1) of section 132 before he takes action under clauses (i) to (v) of that sub-section, has reason to suspect that any income has been concealed, or is likely to be concealed, by any person or class of persons, within his jurisdiction, then, for the purposes of making any enquiry or investigation relating thereto, it shall be competent for him to exercise the powers conferred under sub-section (1) on the income-tax authorities referred to in that sub-section, notwithstanding that no proceedings with respect to such person or class of persons are pending before him or any other income-tax authority.

B. Condition precedent

The summon u/s 131(1) can only be issued only when competent court (here AO, Appellate Authority or Specified authority. Hereinafter referred as “PA”) can only exercise the power when they are trying suit (here assessment, reassessment, search assessment, revision, rectification, penalty or appellate proceeding are pending before him). It cannot be exercised when prescribed authority is not seized of matter or no proceeding is pending before them. This is essential safeguard provided by legislature.



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Further while exercising S.131(1), prescribed authority shall have power of discovery and inspection, enforcing attendance of any person, compelling production of books of account and issuing commissions. In case where it is not possible for PA to inquire/investigate the matter, he may appoint local commissioner who in turn exercise the same. For example, during course of assessment of Mr. A of Surat, to examine genuineness of loan transaction, AO felt it necessary to record statement of depositor Mr. B of Kolkata. In these scenario since it is not feasible for AO to record statement of Mr. B and AO will have to issue commission to income tax authority located at Kolkata to have statement of Mr. B recorded. After conclusion of statement, the outcome will also required to be communicated to AO at surat.

In sharp contrast to what we've deliberated in preceding para, the power u/s 131(1A) are more draconian or dangerous in nature in so far it does not require pendency of proceeding to exercise the summon power. These makes it unfettered. Further, summon u/s 131(1A) can be issued even on basis of reasons to suspect that income is concealed or likely to be concealed. Even likelihood of concealment of income would lead to issue of summon under these provisions.

These weapon is mostly used in following fashion;

1. When department is in possession of informal information which cannot trigger/processed under provisions of S.147. This used to verify the information received through informal channel. Thereafter, on basis of outcome of same, the information is pushed to stage of reassessment.
2. Record preliminary statement - To begin with historical background, prior to 1975 – before insertion of S.131(1A), authorized officer, before initiating search, used to record statement of search party. The department is defending the action on basis of provision of S.132(4), however, the court have observed that S.132(4) can only be available once search is began. To plug this loophole and to give formal recognition (though act does not contain word preliminary statement) to preliminary statement, S.131(1A) enacted. These statement are used to dig certain preliminary/basic information before search action actually performed. The objective is bind person with respect to certain factual things. In case, if during search, anything found contrary to preliminary statement, the burden heavily lies on shoulder of search person.

C. Safeguard

Beside the fact that powers are vested only upon officers sufficiently higher rank, the principle of administrative law i.e absence of malafide, application mind are also relevant safeguard.

D. Issuing S.131(1A) summon after conclusion of search

As stated earlier, during search action, S.131(1A) is used to dig certain preliminary information, and thereafter statement u/s 132(4) is recorded. In other words, S.131(1A) precedes the search and exercise of S.131(1A) after conclusion of search can raise eyebrow of anyone. To gather answer we should dwell the judicial precedent. The judiciary is divided on these issue. Instead of making these write-up bulky with precedent, it can be said that preponderance of judicial decisions are in favour of tax payers. However, the probability of reversal thereof can't be ruled out. The stand of department is that once person is subjected to extreme action of searched then there can't be any good reasons for assessee not to join the investigation u/s 131(1A).



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E. Consequences for non-compliance

1. Penalty u/s 272A(1)(c) of rupees ten thousand.
2. Can lead to invocation of S.132
3. Attach property
4. Can issue proclamation
5. Issue bailable or non-bailable warrant.

F. Interplay with Article 20 of Constitution

So far evidentiary value of confession made in statement u/s 131, it is useful to refer Article 20(3) of Constitution of India which couched as “No person accused of any offence shall be compelled to be witness against himself”. In criminal jurisprudence the evidence are classified into three categories 1. Oral testimony 2. Documentary evidence 3. Material evidence or physical evidence. The bar provided can only operate only in case of testimonial compulsion and, the most of evidence, in income tax, are not in nature of testimonial compulsion and hence protection provided under Article 20(3) can't be available. In addition, the language of article 20(3) suggests that it applies to criminal proceedings, and income tax act essentially being civil law, can't avail escape route of A.20(3).

G. Distance limitation

As per rule 19 of Order XVI of CPC, if witness resides within 500 km, he can be called and beyond that commission can be issued. However, in year 1977 proviso inserted stating that if witness is paid air fair, the summon can be issued to person residing in any part of country.

H. Summon at instance of assessee

As per rule 10 Order 60 CPC, it is duty of AO to enforce attendance of witness. Hence it is incumbent to issue summon u/s 131(1) once written request is made by assessee. It is immaterial whether enquiry go this way or that way. In fact one should make express request that expense in connection therewith will be bear by assessee.

I. Counsel access

Recording of statement are investigative proceeding and counsel access are only available during adjudication process. Accordingly, the counsel access can't be sought as matter of right. However, prescribed authority, sometimes, allowing access to counsel.

Concluding remark

The detailed modalities as to recording of statement in faceless appeal/assessment are yet to be published. The one thing is sure that golden principle sated above can neither be altered nor changed whether proceedings are conducted online or offline mode.

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Reforms needed to expand tax net

Tax-to-GDP ratio represents the size of a country's tax kitty relative to its GDP. It indicates the size of the government's tax revenue expressed as a percentage of the GDP. A higher tax to GDP ratio means that the government is able to cast its fiscal net wide. It reduces a government's dependence on borrowings but in the contrast of this theory **the outstanding debt of the central government crossed ₹100 lakh crore for the first time at the end of June 2020. A quarterly report by the Department of Economic Affairs showed that total liabilities increased to ₹101.3 lakh crore from ₹94.6 lakh crore as of end-March.**

Tax to GDP ratio is the barometer to judge that country's tax buoyancy is strong as the share of tax revenue rises in sync with the rise in the country's GDP.

India's gross tax-to-GDP ratio is around 11% which is far below the average of around 34% of OECD countries.

India's tax to DGP ratio is almost stagnant and falls between 10% to 11% since last 5-6 years despite aggressive approach of the Indian Government to increase the same. In India, Direct tax contribute around 55% of total tax collection and residual 45% constitute indirect tax collection.

To increase the tax GDP ratio, Government's main focus was on increase the number of tax payer in direct tax and introduction of GST in Indirect tax.

Efforts of the government had not yielded expected results both on direct tax and indirect tax. Though Number of income tax return filers increased almost two fold from 3.3 crore to 6.5 crore and income tax collection has also increased from 6.38 crore to 11.50 crore from FY 2013-14 to FY 2018-19 but direct tax to GDP ratio increased minuscule 5.62% to 5.98% in the same period. Collection from the indirect tax collection specially GST is far below the expected tax collection.

The above data shows that mere increase in the number of tax payer is not the right approach for increase the tax GDP ratio. Moreover now number cannot be increased in the same pace in coming years as we witnessed in last 5-6 years. It is a known fact that India is largely an agriculture-based country and Agriculture income is tax free. 40% population is still around poverty level. Huge portion of the population is under 18, students and senior citizen, which does not contribute to the exchequer. These factors exclude a large chunk of populations from tax net, most of remaining persons are filing their returns.

As we know that a large chunk of GDP constitutes agriculture and related operation which though comes in the calculation of GDP but no tax is being received from these activities whereas this is not the position with other OCED countries hence comparison of tax GDP ratio with other OCED countries is not the correct approach of comparison but still tax GDP ratio in India can be increased with various out of the box approaches. A few out of the box approaches are as under:

1. **Reward and recognition of honest and high tax payer:-** Though Income tax department had come out with a scheme "Certificate of appreciation" under which three type of certificate is conferred to the tax payer through E mail. Basis of selection of category and tax payer is not made available to the general public but it is understanding that tax payer is selected on various grounds inclusive of quantum of tax and other compliance level. Though this scheme has been in vogue from last 3 years still general public is not aware about such scheme. It should be publicise heavily to induce the tax



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payer for better compliance.

These certificate should be attached with some public recognition so that people get motivation to pay tax honestly and diligently. These persons should be made guest of honour or chief guest in public programs organised by government at various level like state, district, taluka etc. For example, people who paid highest tax should be made guest of honour at state level or so on.

People who are paying tax honestly should be given preference at various places be at airport checking, Railway reservation, Highway toll booth etc.

A few name of public places in every city and infrastructure should be in the name of honest tax payer because they are the real warrior in nation building.

Prime minister, Chief Minister can have lunch or dinner with selective honest tax payers in a year.

High tax payer may be nominated as co-opted member in various government bodies, committee and local government bodies.

There may be hundreds of avenues and ways through which and honest tax payer can be rewarded and it should be publicise so that general public is induced to pay tax honestly.

2. **Social Security Scheme for tax payer:** The government should come out with social security scheme for tax payer. It is a general complaint of the tax payer that they are not getting anything from the government and their hard earned money is being wasted for various subsidies only. It is also a fact that government had come out with small social security scheme like Atal Pension Yojana, PM Jan Surksha Beema Yojana etc for the lower class or lower middle income group of the society but there is no such temptation for the middle class or higher class of the society which deduced them to pay higher tax which will eventually benefit them in their retirement age. We also witnessed various incidents wherein old age persons faced precarious financial position despite the fact that they have earned handsome amount in their young age but in absence of social security scheme those persons find it very difficult in their old age. Social security scheme after super annulation age will also address the social abuse wherein elderly people feel isolated and treated badly as they does not have financial power.

Government may come out with a scheme wherein every tax payer will be allotted a specific account like PPF where a portion of their tax payment will be credited by the Government and nominal interest is also given every year at credit balance. Tax Payer may be restricted to withdraw this amount before the age of sixty year or specific age. Tax payer may be given an option to withdraw the same in lump sum or as a pension after a specific age. Legal heir may be entitled to withdraw the amount if the tax payer is expired before retirement age. It will not be a burdensome to the government also because people will pay higher tax and better compliance in hope of part return of the money. Higher tax mop up will reduce the dependency on the borrowing. It is expected that once scheme is formulated than tax revenue will increase substantially.

Introduction of such a scheme will boost the confidence of the tax payer in the system and will tempt them for voluntary payment of high tax considering the high penalty for evasion. This scheme may be a game changer as most of person are law abiding citizen and follow the rule of the land and such an unprecedented scheme shall work like enzyme for them.



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Implementation of such a scheme is now possible due to technology advancement. There will be no much financial burden on the government even in the initial year and government will earn even high revenue after a short period on better compliance. This will also address the high tax rate gap between corporate and non corporate as the scheme may be made applicable to individual tax payer only.

As of now no such scheme is in vogue in the world wherein people will get social security scheme benefit direct in proportion to their tax payment. It is hope that once such scheme is announced, India may find its place in the league of tax compliant nation within a short period.

3. **Surprise gift/cash back for retail consumers:** GST revenue of the government is not in sync with the expectation and business volume despite various restriction and procedure adopted by the government. Such unnecessary procedure is also destroying the theory of ease of doing business. As we know that GST evasion start from the last layer of the society. If government want to block the GST evasion than they should come out with such a scheme wherein retailers had been left with no option other than to comply the provision. It is of open secret that evasion start from the retailer wherein they sold to ultimate consumer and in absence of scheme to check their sales various retailers evade their sales and also purchase corresponding material from wholesalers out of the books and this chain is escalated up to manufacture which leads to the evasion of GST at massive level. As we know that GST is consumption based tax system wherein high tax revenue shall accrue to the state which have high consumption but one would be surprised to know that estimated Per Capita GST Collection of the state of Bihar for the year 2019-20 is below Rs 100/- per month compared to around Rs 600/- of national average. It is noticed that most of retailers had not yet taken GST registration and show their sales much below the threshold amount liable for registration. GST registered businessman in India is only around 1.30 crore which seems to be very low.

Government Should come out with a scheme wherein a portal or app is developed by the government and retail consumer is allowed to feed their purchase bill through their portal and app. Government should evolve a scheme wherein random retail bills can be cross verified with the sales of the retailer and like one. Retail consumer shall be encouraged to pay through banking channel and cash back be allowed to the retail consumer on monthly basis if they pay through online mode or banking channel. As we know that once the payment is made through banking channel, It will be very tough for a person to evade such sales.

There may be various others out of the box approaches which will increase the tax compliance. If these are implemented than Tax GDP ratio of India will reach to a respectable level.

-Contributed By :- CA Mukesh Kabra

Direct Tax Updates

Income tax Extended Due Dates

Category of persons	Due date of filling
Furnishing of tax Audit reports, and all other reports for A.Y.	31-12-2020
Furnishing of Income tax Return	31-12-2020
Income tax return (in case of transfer pricing Audit A.Y. 20-21)	31-01-2021
Income tax return (in case of Company) for A.Y. 20-21	31-01-2021
Income tax return (in case of Audit is mandatory) For A.Y. 20-21	31-01-2021



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Indirect Tax Updates

1. Due Dates of GSTR-1 and GSTR-3B (Notification No 74,75,76)

Types of Returns	For Quarterly Taxpayer	For Monthly Taxpayer
GSTR-1 :-		
A. Oct 2020 to Dec 2020	13 th Jan 2021	11 th of the next month
B. Jan 2021 to Mar 2021	13 th April 2021	11 th of the next month
GSTR 3B :-	For T.O. > Rs. 5 Cr.	For T.O. upto Rs. 5 Cr.
Due date	20 th of next month	22nd and 24th of next month as per the States /UT categories

2. GST Annual Return Relaxation (Notification No. 77):-

Benefit of **optional filing** of annual return for registered persons whose aggregate turnover in a financial year does **not exceed Rs 2 crore**, has been extended for FY 2019-20 as well.

3. HSN Code (Notification No 78 :-

- Turnover upto 5 crores - 4 digits
- Turnover Above 5 crores - 4 digits

HSN codes of 8 digits are mandatory only in case of export and imports of goods.

The only exemption is given to the registered persons having turnover less than 5 Crores is that they need not mention the HSN code in the Tax Invoice in respect of supplies made to unregistered persons

4. GST Audit 9C 2019-20 relaxation (Notification No 79)

Tax payers with turnover upto Rs 5 crore will continue to be exempt from requirement of GST Audit under Section 35(5) of the CGST Act,2017 for turnover upto 5 crores for the financial year 2019-20 also apart from 2018-19.

5. Extension of Due date of filling of Annual Return 9 and Reconciliation Statement 9C for the F.Y. 2018-19 to 31st December 2020.





SURAT BRANCH OF WIRC OF

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

CSR Activities carried on 150th Gandhi Jayanti held on 02 October, 2020 by Surat Branch of WIRC of ICAI



SURAT BRANCH OF WIRC OF ICAI

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