

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE FOR OCT 2019

(Circulars/Notifications released in October 2019)

31ST October 2019

[Income Tax](#)

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I. INCOME TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBDT Circular No.29/2019 dated 02.10.2019	Clarification in respect of option exercised u/s 115BAA of the Income Tax Act, 1961 inserted by The Taxation Laws (Amendment) Ordinance, 2019.	<p>The Taxation Laws (Amendment) Ordinance, 2019 has been promulgated by the President of India on September 20, 2019. The Ordinance inserted a new section 115BAA which provides that Domestic company may exercise the option to pay tax at the reduced rate of 22%.</p> <p>Subsequently, the Board has received representations from stakeholders seeking clarification on issues related to Section 115BAA. These issues have been clarified by the Board. A gist of the issues raised and the clarification provided is as under</p> <p>A] Allowability of brought forward loss on account of additional depreciation:- This shall not be allowed to be set off while computing the Income u/s 115BAA in an Assessment Year for which the option has been exercised and any subsequent Assessment Year.</p> <p>B] Allowability of brought forward MAT credit:- Credit of MAT paid by the domestic company exercising option u/s 115BAA of the Act shall not be available consequent to exercising of such option.</p> <p>Further, as there is no time line within which option u/s 115BAA can be exercised, a domestic company having MAT credit or brought forward losses on account of additional depreciation may exercise the option of the reduced rate after utilizing the said credit against the regular tax payable and after set off of the losses so accumulated.</p> <p>Circular No. 29</p>
2.	CBDT Notification No.80/2019 dated 15.10.2019	Exemption from deduction of TDS u/s 194N on the payments to a specified person notified by the Central Government.	<p>Section 194N requires that tax should be deducted at the rate of 2% by a bank, a co-operative bank or a post office in case of total aggregate payment in excess of Rupees one crore in cash to any person in a financial year.</p> <p>CBDT has now specified the following classes of person where no tax is required to be deducted on the payments made to them by a bank, a co-operative bank or a post office [This will be effective from 01-09-2019] :-</p> <p>A] Authorized dealer and its franchise agent and sub-agent; and</p>

			<p>B] Full-Fledged Money Changer (FFMC) licensed by the RBI and its franchise agent;</p> <p>The above exemption will apply If withdrawal is made for the following purpose from a separate bank account:-</p> <p>I] Purchase of foreign currency from foreign tourists or non-residents visiting India or from resident Indians on their return to India, in cash as per the directions or guidelines issued by RBI; or</p> <p>II] Disbursement of inward remittances to the recipient beneficiaries in India in cash under Money Transfer Service Scheme (MTSS) of the Reserve Bank of India;</p> <p>Notification No. 80</p>
3.	CBDT Notification No.83/2019 dated 21.10.2019	Notify of Infrastructure debt fund under section 10(47) of the Income Tax Act.	<p>CBDT has notified “IDFC Infrastructure Finance Limited” as infrastructure debt fund for AY 2020-2021 and subsequent assessment years for the purpose of Section 10(47) of the Act subject to fulfillment of conditions as specified in the notification.</p> <p>Notification No. 83</p>
4.	CBDT Notification No.84/2019 dated 22.10.2019	Ratification of the convention between the India and Morocco for avoidance of Double Taxation and prevention of fiscal evasion.	<p>Government of India has ratified the Convention between the Republic of India and the Government of the Kingdom of Morocco for avoidance of Double Taxation and prevention of fiscal evasion that was earlier signed by India on 8th August, 2013.</p> <p>In exercise of the powers conferred by section 90 (1) of the Income-tax Act, 196, the Central Government has notified all the provisions of the said Convention in the Union of India.</p> <p>Notification No. 84</p>

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II. GOODS AND SERVICE TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY														
1.	CBIC Notification No. 47/2019-Central Tax – dated 09.10.2019	Exemption for filing of annual return (Form 9) under section 44 (1) of CGST Act for F.Y. 2017-18 and 2018-19 optional for small taxpayers.	Central Government on the recommendation of the GST council has exempted a registered person whose aggregate turnover in a financial year does not exceed Rs 2 crore), to furnish the annual return in Form 9 for FY 2017-18 & FY 2018-19. Notification No. 47														
2.	CBIC Notification No. 48/2019-Central Tax – dated 09.10.2019	Extension of due date of filing specified GST Forms for a registered person in the state of Jammu & Kashmir with waiver of late fees.	<p>Vide notification no. 41/2019 dated 31st August 2019, late fee u/s 47 had been waived off for specified class of taxpayers in specified states provided in the notification.</p> <p>CBIC has further extended the due date of filing the following GST Forms by a registered person in the state of Jammu & Kashmir with waiver of late fees:</p> <table><thead><tr><th>GST Form</th><th>Extended due date of filing</th></tr></thead><tbody><tr><td>GSTR-1 (July'2019)</td><td>11th October,2019</td></tr><tr><td>GSTR-1 (August'2019)</td><td>11th October,2019</td></tr><tr><td>GSTR-7 (July'2019)</td><td>10th October,2019</td></tr><tr><td>GSTR-7 (August'2019)</td><td>10th October,2019</td></tr><tr><td>GSTR-3B (July'2019)</td><td>20th October,2019</td></tr><tr><td>GSTR-3B (August'2019)</td><td>20th October,2019</td></tr></tbody></table> <p>Notification No.48</p>	GST Form	Extended due date of filing	GSTR-1 (July'2019)	11 th October,2019	GSTR-1 (August'2019)	11 th October,2019	GSTR-7 (July'2019)	10 th October,2019	GSTR-7 (August'2019)	10 th October,2019	GSTR-3B (July'2019)	20 th October,2019	GSTR-3B (August'2019)	20 th October,2019
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3.	CBIC Notification No. 49/2019-Central Tax – dated 09.10.2019	Central Goods and Services Tax (Sixth Amendment) Rules, 2019	<p>CBIC has notified changes in CGST Rules, 2017 vide CGST (Sixth Amendment) Rules,2019 effective 9th October,2019.</p> <p><u>Gist of changes made is as follows</u></p> <p>A] Availment of input tax credit in respect of invoices/debit notes which have not been uploaded by the suppliers shall not exceed 20% of the eligible credit available in respect of invoices/debit notes which have been uploaded by the suppliers. [Rule 36(3) : effective from FY 19-20]</p> <p>Example:</p> <p>Eligible ITC with respect to the invoices uploaded by the vendors is Rs 100,000 (Amount reflecting in GSTR-2A)</p>														

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			<p>Actual eligible ITC based on the invoices received is Rs 1,50,000.</p> <p>The sub-rule provides that ITC of only Rs 20,000 (i.e. 20% of Rs 1,00,000) can be claimed additionally.</p> <p>Hence, total ITC which can be claimed would be Rs 1,20,000 and not Rs 1,50,000.</p> <p>B] Rule 61 has been amended <i>retrospectively with effect from 1 July 2017</i> to the effect that the return furnished in Form GSTR-3B would be considered as a return specified in section 39(1) of the CGST Act, 2017 (Act). The assessee would not be required to file Form GSTR-3 where returns are required to be filed in Form GSTR-3B.</p> <p>C] The due date for filing Form GST TRAN-1 has been further extended to 31 December 2019 (previous due date being 31 March 2019). For Form GST TRAN-2, the due date has been extended to 31 January 2020 (previous due date being 30 April 2019).</p> <p>Notification No. 49</p>
4.	CBIC Circular No. 119/2019-Central Tax – dated 11.10.2019	Clarification regarding taxability of supply of securities under Securities Lending Scheme, 1997	<p>SEBI has prescribed the Securities Lending Scheme, 1997 for the purpose of facilitating lending and borrowing of securities. Under the Scheme, lender of securities lends securities to a borrower through an approved intermediary registered with SEBI to a borrower under an agreement for a specified period in consideration of lending fee charged from the borrower.</p> <p>CBIC has clarified the taxability of above supply of securities under Securities Lending Scheme in CGST Act as under:</p> <p>The Securities Lending Scheme does not treat lending of securities as disposal of securities and therefore is not excluded from the definition of services.</p> <p>The lending fee charged from the borrowers of securities has the character of consideration and this activity is taxable in GST since 01.07.2017.</p> <p><u>For the past period i.e. from 01.07.2017 to 30.09.2019</u>, GST is payable under forward charge by the lender and request may be made by the lender to SEBI to disclose the information about borrower for discharging GST under forward charge. The nature of tax payable shall be IGST. However, if the service provider has already paid CGST / SGST / UTGST treating the</p>

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			<p>supply as an intra-state supply, such lenders shall not be required to pay IGST again in lieu of such GST payments already made.</p> <p><u>With effect from 1st October, 2019</u>, the borrower of securities shall be liable to discharge GST under reverse charge mechanism (RCM). The nature of GST to be paid shall be IGST under RCM</p> <p>Circular No. 119</p>
5.	CBIC Notification No. 50/2019-Central Tax - dated 24.10.2019	Extension of due date of furnishing Form CMP-08 for the quarter July to September 2019	<p>Due date of furnishing the statement containing details of payment of self-assessed tax in Form CMP-08 by the composition dealer extended till 22nd October, 2019 (earlier 18th October, 2019).</p> <p>This notification shall be deemed to have come into force with effect from the 18th October, 2019.</p> <p>Notification No. 50</p>

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III. CUSTOMS DUTY

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBIC Notification No. 76/2019-Cus (NT) dated 17.10.2019	Rate of Exchange	CBIC has notified the rate of exchange of conversion of foreign currency for import and export of goods for 20 currencies specified in Schedule I & Schedule II effective from 18-10-2019. Notification No. 76

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Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.

Instead it is only a listing of some of the circulars/notifications that we considered important