

MAY 2021

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax



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INCOME TAX

1. Income-tax (13th Amendment) Rules, 2021

CBDT

Notification No. 41/2021 dated 3.05.2021

Vide this notification, CBDT has inserted a new **Rule 11UD** in the Income-tax Rules, 1962 to define the **threshold limits for Significant Economic Presence**,

The following rule shall be inserted after Rule 11UC: -

- a) The amount of aggregate of payments arising from transactions in respect of any goods, services or property carried out by a non-resident with any person in India, including provision of download of data or software in India during the previous year, shall be **two crore rupees**. clause (a) of Explanation 2A to clause (i) of sub-section (1) of section 9
- b) The number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be **three lakhs**. clause (b) of Explanation 2A to clause (i) of sub-section (1) of section 9

Note: This Rule shall come into force w.e.f. **1st April, 2022**.

[Notification No.41](#)

2. Income-tax (14th Amendment) Rules, 2021

CBDT

Notification No. 42/2021 dated 4.05.2021

Vide this notification, CBDT has amended **Rule 114AAB** of the Income-tax Rules, 1962 dealing with class of person to whom provisions of **Section 139A** i.e requirement of obtaining Permanent Account Number shall not apply,

1. Sub Rule 2A inserted after sub rule 2 in Rule 114AAB

Non-resident investor (being an eligible foreign investor), who has made transaction only in a capital asset referred to in **clause (viiab) of Section 47** of the Income-tax Act which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency, shall be exempted from obtaining PAN if-

- a) The investor does not earn any income in India, other than the income from transfer of a capital asset referred to in clause (viiab) of Section 47 of the Income-tax Act.
- b) The investor furnishes the required details and documents specified therein, to the stock broker through which the transaction is made.

2. Sub Rule 2B

The stockbroker shall furnish a quarterly statement electronically, in Form No. 49BA to the concerned Authority and shall upload the declaration stating that the investor is a resident of a country or specified territory outside India, within **fifteen days** from the end of the quarter in accordance with the procedures, formats and standards specified

3. In the Explanation to the Rule

- i) clause "a" has been substituted - definition of "Specified fund" revised.
- ii) clause c and d have been inserted with the definitions of "eligible foreign investor" and "stock broker respectively

4. Form No. 49BA i.e., Quarterly statement to be furnished by specified fund or stock broker in respect of a non-resident has been substituted with a new Form

[Notification No.42](#)

3. Income-tax (15th Amendment) Rules, 2021

CBDT

Notification No. 50/2021 dated 5.05.2021

CBDT has notified amendment to the Income Tax Rules 1961 by inserting **Sub-Rule 1A & 1B** in Rule 2B dealing with provisions relating to exemption in respect of cash allowance received in lieu of leave travel concession.

- **Sub Rule 1A: -**

For the assessment year beginning on the 1st April, 2021, where the individual referred to in sub-rule (1) avails any cash allowance from his employer in lieu of any travel concession or assistance, the amount exempted under the second proviso to clause (5) of section 10 shall be the amount, not exceeding **thirty-six thousand rupees per person**, for the individual and the member of his family, or one-third of the specified expenditure, whichever is less, subject to fulfilment of the following conditions, namely:-

- a) The individual has exercised an option to avail exemption under the second proviso of clause (5) of section 10, in lieu of the exemption under clause (5) of section 10 in respect of one unutilised journey during the block of four calendar years commencing from the calendar year 2018.
- b) The payment in respect of the specified expenditure is made by the individual or any member of his family to a registered person during the specified period;
- c) The payment in respect of the specified expenditure is made by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as prescribed under rule 6ABBA
- d) The individual obtains a tax invoice in respect of specified expenditure from the registered person referred in clause (ii).

- **Sub Rule (1B)**

Where an exemption under the second proviso to clause (5) of section 10 is claimed and allowed, sub-rule (2) shall have effect as if for the words „two journeys“, the words „one journey“ has been substituted.”

[Notification No.50](#)

4. Section 269ST relaxation on cash payment to hospitals

CBDT

Notification No. 56/2021 dated 7.05.2021

Hospitals, Dispensaries, Nursing Homes, Covid Care Centres or similar other medical facilities providing COVID19 treatment to patients for the purpose of Section 269ST of the Income-tax Act can receive cash payments higher than **₹ 2 lakh** for the period **01.04.2021 to 31.05.2021**, after obtaining **PAN or AADHAAR** of patient & the payee and the relationship between the patient and the payee.

[Notification No.56](#)

5. Extension of time limits of certain compliances

CBDT

Circular No. 9/2021 dated 20.05.2021

CBDT has provided relaxation in respect of the following compliances: -

Particulars	Rule	Financial Year	Due Date	Extended Due Date
Statement of Financial Transaction (SFT)	114 E	FY 2020-21	31 st May, 2021	30 th June, 2021
Statement of Reportable Transaction	114 G	Calendar Year 2020	31 st May 2021	30 th June, 2021

Statement of Deduction of Tax	31 A	Q4 of FY 2020-21	31 st May,2021	30 th June,2021
Certificate of TDS	31	Q4 of FY 2020-21	15 th June,2021	15 th July,2021
TDS/TCS Book Adjustment Statement (FORM 24G)	30/37CA	May,2021	15 th June,2021	30 th June,2021
Statement of Deduction of Tax by trustee of an approved superannuation	33	FY 2020-21	31 st May,2021	30 th June,2021
Statement of Income paid or credited by investment fund in Form 64D	12CB	FY 2020-21	15 th June,2021	30 th June 2021
Statement of Income paid or credited by investment fund in Form 64C	12CB	FY 2020-21	30 th June 2021	15 th July 2021
ITR which falls on 31 st July,2021	Sec 139(1)	AY 2021-22	31 st July,2021	30 th September,2021
Tax Audit Filing Due Date	Sec 44AB	AY 2021-22	30 th September,2021	31 st October,2021
Tax Audit Filing Due Date for international transaction	Sec 92E	AY 2021-22	31 st October,2021	30 th November,2021
ITR which falls 31 st October,2021	Sec 139(1)	AY 2021-22	31 st October,2021	30 th November,2021
ITR which falls 30 th November,2021	Sec 139(1)	AY 2021-22	30 th November,2021	31 st December,2021
Belated/revised Return	Sec 139 (4)/(5)	AY 2021-22	31 st December,2021	31 st January,2022

[Circular No.9](#)

6. Procedure for exercise of option under sub-section (1) of section 245M and intimation thereof by furnishing and upload of Form No. 34BB under sub-rule (1) of Rule 44DA of Income-tax Rules, 1962

CBDT

Notification No. 5/2021 dated 24.05.2021

The Director General of Income Tax (Systems) has specified the procedure for furnishing and upload of Form No. 34BB to exercise option under sub-section (1) of section 245M which is dealing with provisions related to option to withdraw pending application before settlement commission- 2 step procedure:

Step-1: Provide basic details for assessee intending to exercise option under sub-section (1) of section 245M

- 1) The assessee who wish to exercise option for withdrawal application filed u/s 245C and such application is pending, shall first provide the basic details in specified format on the form placed at E-Filing portal.
- 2) In case there are more than one assessment year for which the application for settlement u/s 245C is made, the assessee shall provide only the 1st year under AY column in above table. In case of block assessment, the assessment year to be provided shall be the 1st year of the block.
- 3) The details shall be provided by 15-June-2021.
- 4) Based on these details, a system generated letter shall be generated through Income Tax Business Application System to the assessee on his e-filing account requiring the assessee to upload signed printout of Form No. 34BB. The assessee should be a registered user on the E-filing Portal of the Department to proceed further.

Step-2: Upload of signed copy of Form No. 34BB on E-filing Portal of the Department:

- 1) The assessee, to whom intimation to upload Form No. 34BB is generated, shall upload scanned printout of Form No. 34BB, duly verified as per sub-rule (2) of Rule 44DA of the Rules online on the e-Filing portal of the Department.

- 2) The assessee is required to login into the e-Filing portal: www.incometax.gov.in using their valid credentials.
- 3) A link for upload of Form No. 34BB has been provided under e-Filing portal: www.incometax.gov.in ->Login using User name and password ->Select e-proceedings Tab ->Select 'Furnishing of Form 34BB' -> upload scanned printout of the Form.
- 4) The scanned printout of the Form should be in pdf format with a scan clarity of 300 DPI.
- 5) The form can be submitted by clicking on "Submit" button.
- 6) The assessee shall upload signed printout of the Form within the date specified under sub-section (1) of section 245M. The date of upload of signed printout of the Form shall be the date on which such application is withdrawn.

[Notification No.5](#)

7. Income-tax (16th Amendment) Rules,2021

CBDT
Notification No. 68/2021 dated 24.05.2021

Rule 11UAE has been inserted in the Rules to specify the computation of **fair market value of capital assets** for the purpose of section **50B** of the Income Tax Act:

- For the purpose of clause (ii) of sub-section (2) of section 50B, the fair market value of the capital assets shall be the **FMV1** determined under sub-rule (2) or **FMV2** determined under sub-rule (3), whichever is **higher**.
- The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale determined in accordance with the specified formula
- FMV2 shall be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale determined in accordance with the specified formula
- The fair market value of the capital assets under sub-rule (2) and sub-rule (3) shall be determined on the date of slump sale and for this purpose valuation date referred to in rule 11UA shall also mean the date of slump sale.

[Notification No.68](#)

GOODS AND SERVICES TAX

1. Relaxation in furnishing GSTR 3B

CBIC Notification No.
8 & 9/2021 of Central Tax – dated 1.05.2021

In view of COVID-19 Pandemic, CBIC has provided relaxation in furnishing GSTR 3B with respect to waiver/lowering of late fee and interest rate. Relaxations are as under: -

Turnover	Rate of Interest	Tax Period	Waiver of Late fees
Taxpayers having an aggregate turnover of more than rupees 5 crores in the Previous FY	First 15 Days from Due date – 9% On and from 16th Day – 18%	March'21 and April'21	No late fees if return is filed within 15 days from the due date of furnishing return
Taxpayers having an aggregate turnover upto rupees 5 crores in the Previous FY (Monthly Filers)	First 15 Days from Due date – NIL Next 15 days – 9% 18% thereafter	March'21 and April'21	No late fees if return is filed within 30 days from the due date of furnishing return
Taxpayers having an aggregate turnover upto rupees 5 crores in the Previous FY (Quarterly Return – QRMP)	First 15 Days from Due date – NIL Next 15 days – 9% 18% thereafter	Quarter Ending March'21	No late fees if return is filed within 30 days from the due date of furnishing return

[Notification No.8](#) (Rate of Interest) & [Notification No.9](#) (Waiver of Late Fee)

2. Extension of due date of furnishing FORM GSTR-4, GST ITC 04 & GSTR-1

CBIC Notification No.
10,11&12 /2021 of Central Tax – dated 1.05.2021

CBIC has extended the due date of furnishing **FORM GSTR-4, GST ITC 04 & GSTR-1**. Extended due dates are as under: -

Return/ Form Type	Period	Due Date	Extended Due Date
Form GSTR – 4 (Composition Dealer)	FY 2020-21	30 th April 2021	31 st May 2021
Form GST ITC – 04(Job Work)	FY 2020-21	25 th April 2021	31 st May 2021
GSTR 1	April 2021	11 th May 2021	26 th May 2021

[Notification No.10](#) (GSTR-4) , [Notification No.11](#) (GST ITC-04) & [Notification No.12](#)(GSTR 1)

3. CGST (Third Amendment) Rules, 2021

CBIC Notification No.
13 /2021 of Central Tax – dated 1.05.2021

Vide this notification, CBIC has notified (Third Amendment) Rules, 2021. Following are the key changes:

- **Cumulative application of Rule 36(4) of CGST Rule, 2017 for April and May 2021 (ITC availment based on GSTR 2A)** –
A proviso has been inserted in sub-rule (4) of rule 36 of the CGST Rules to the effect that ITC availment shall be allowed cumulatively for the tax period April 2021 and May 2021. Any adjustment for the said periods shall be made in Return in Form GSTR 3B to be furnished for the month of May 2021.
- **Extension of Due Date for furnishing invoice details using Invoice Furnishing Facility (IFF) for April 2021 (Rule 59)** –
A proviso has been inserted in sub rule (2) of Rule 58 specifying that details using IFF for the month of

April 2021 can be furnished from **1st May, 2021 till 28th May, 2021**

[Notification No.13](#)

4. Extension of Time limit for Issuance of notice, filing of appeal, furnishing of returns, completion of proceedings, etc.

CBIC Notification No.
14 /2021 of Central Tax – dated 1.05.2021

CBIC has notified relaxation in time limit for various compliances under GST Law. Relaxations are as under:

Compliances (Time limits)	Due Date	Revised Date
Completion of Proceeding or passing of order or issuance of notice, intimation, Filing of Appeal & Reply	15 th April, 2021 to 30 th May, 2021	31 st May, 21
Rule 9 (i.e. Verification & approval for Registration)	1 st May, 2021 to 31 st May, 2021	15 th June, 21
GST Refund Order u/s 54(5)	15 th April, 2021 to 30 th May, 2021	15 days after the receipt of reply or 31 st May, 21 whichever is later

[Notification No.14](#)

5. CGST (Fourth Amendment) Rules, 2021

CBIC Notification No.
15 /2021 of Central Tax – dated 18.05.2021

Vide this notification, CBIC has notified (Third Amendment) Rules, 2021. Following are the key changes:

Rule	Amendment
23	Rule 23(1) is amended to allow filing of application for revocation of cancellation of registration within a period of 30 days from date of service of order of cancellation or within further maximum 30 days period as extended by the <i>Additional Commissioner or the Joint Commissioner or the Commissioner</i> , as the case may be.
90(3)	Proviso has been added to Rule 90(3) to exclude the time period from the date of filing of the refund claim in FORM GST RFD-01 till the date of communication of the deficiencies in FORM GST RFD-03 by the proper officer, from the period of two years
90(5)	Sub-rule (5) has been inserted to Rule 90 which provides that an applicant may at any time before issuance of provisional refund or final refund or payment order or refund withhold order or notice withdraw the refund application filed by him by filing a new FORM RFD-01W
90(6)	Sub-rule (6) has been inserted to Rule 90 providing that on submission of FORM RFD-01W, any amount debited by the applicant from electronic credit ledger or electronic cash ledger, as the case may be, while filing application for refund in FORM GST RFD-01, shall be credited back to the ledger from which such debit was made
92(2)	Proviso has been inserted to Rule 92(2) to allow the proper officer or the Commissioner to pass on order for release of withheld refund in PART B of FORM RFD-07 where refund is no longer liable to be withheld

[Notification No.15](#)

6. Standard Operating Procedure (SOP) for implementation of the provision of extension of time limit to apply for revocation of cancellation of registration under section 30

CBIC Circular No.

CBIC has notified Standard Operating Procedure (SOP) for implementation of the provision of extension of time limit to apply for revocation of cancellation of registration under section 30. Following procedure is required to be followed for revocation of cancellation: -

In terms of section 30 of the CGST Act, any registered person, whose registration is cancelled, may apply in **FORM GST REG-21**, for revocation of cancellation of registration within 30 days from the date of service of the cancellation order. In case the registered person applies for revocation of cancellation beyond 30 days, but within 90 days from the date of service of the cancellation order, the following procedure is specified for handling such cases.

1. Where a person applies for revocation of cancellation of registration beyond a period of 30 days from the date of service of the order of cancellation of registration but within 60 days of such date he may request, through letter or e-mail, for extension of time limit to apply for revocation of cancellation of registration to the proper officer by providing the grounds on which such extension is sought.
2. The proper officer shall forward the request to the jurisdictional Joint/Additional Commissioner for decision on the request for extension of time limit.
3. The Joint/Additional Commissioner may extend the time limit to apply for revocation of cancellation of registration. In case the request is accepted, the extension of the time limit shall be communicated to the proper officer.
4. In case the concerned Joint/Additional Commissioner, is not satisfied with the grounds on which such extension is sought, an opportunity of personal hearing may be granted to the person before taking decision in the matter.
5. In case of rejection of the request for the extension of time limit, the grounds for such rejection may be communicated to the person concerned, through the proper officer.
6. On receipt of the decision of the Joint/Additional Commissioner, the proper officer shall process the application for revocation of cancellation of registration according to the law and procedure laid down in this regard
7. Procedure similar to that explained in 1-6 above, shall be followed mutatis-mutandis in case a person applies for revocation of cancellation of registration beyond a period of 60 days from the date of service of the order of cancellation of registration but within 90 days of such date.
8. The circular shall cease to have effect once the independent functionality for extension of time limit for applying in FORM GST REG-21 is developed on the GSTN portal.

[Circular No. 148](#)

7. Recommendations made during 43rd Meeting of the GST Council held on 28th May,2021

Following are the key highlights of the 43rd GST Council Meeting :-

A. MEASURES FOR TRADE FACILITATION:

I. Amnesty Scheme to provide relief to taxpayers regarding late fee for pending returns:

To provide relief to the taxpayers, late fee for non-furnishing **FORM GSTR-3B** for the tax periods from **July, 2017 to April, 2021** has been reduced / waived as under: –

- 1) late fee capped to a maximum of Rs 500/- (Rs. 250/- each for CGST & SGST) per return for taxpayers, who did not have any tax liability for the said tax periods;
- 2) late fee capped to a maximum of Rs 1000/- (Rs. 500/- each for CGST & SGST) per return for other taxpayers;

The reduced rate of late fee would apply if GSTR-3B returns for these tax periods are

furnished between 01.06.2021 to 31.08.2021.

II. Rationalization of late fee imposed under section 47 of the CGST Act:

To reduce burden of late fee on smaller taxpayers, the upper cap of late fee is being rationalized to align late fee with tax liability/ turnover of the taxpayers, as follows:

- A. The late fee for delay in furnishing of **FORM GSTR-3B** and **FORM GSTR-1** to be capped, per return, as below:
 - i. For taxpayers having nil tax liability in GSTR-3B or nil outward supplies in GSTR-1, the late fee to be capped at Rs 500 (Rs 250 CGST + Rs 250 SGST)
 - ii. For other taxpayers:
 - a) For taxpayers having Annual Aggregate Turnover (AATO) in preceding year upto Rs 1.5 crore, late fee to be capped to a maximum of Rs 2000 (1000 CGST+1000 SGST);
 - b) For taxpayers having AATO in preceding year between Rs 1.5 crore to Rs 5 crore, late fee to be capped to a maximum of Rs 5000 (2500 CGST+2500 SGST);
 - c) For taxpayers having AATO in preceding year above Rs 5 crores, late fee to be capped to a maximum of Rs 10000 (5000 CGST+5000 SGST).
- B. The late fee for delay in furnishing of **FORM GSTR-4** by composition taxpayers to be capped to Rs 500 (Rs 250 CGST + Rs 250 SGST) per return, if tax liability is nil in the return, and Rs 2000 (Rs 1000 CGST + Rs 1000 SGST) per return for others.
- C. Late fee payable for delayed furnishing of **FORM GSTR-7** to be reduced to Rs.50/- per day (Rs. 25 CGST + Rs 25 SGST) and to be capped to a maximum of Rs 2000/- (Rs. 1,000 CGST + Rs 1,000 SGST) per return.

B. COVID-19 related relief measures for taxpayers:

In addition to the relief measures already provided to the taxpayers vide the notifications issued on 01.05.2021, the following further relaxations are being provided to the taxpayers:

I. For small taxpayers (aggregate turnover upto Rs. 5 crore)

- a) March & April 2021 tax periods:
 - i. NIL rate of interest for first 15 days from the due date of furnishing the return in **FORM GSTR-3B** or filing of **PMT-06 Challan**, reduced rate of 9% thereafter for further 45 days and 30 days for March, 2021 and April, 2021 respectively.
 - ii. Waiver of late fee for delay in furnishing return in FORM GSTR-3B for the tax periods March / QE March, 2021 and April 2021 for 60 days and 45 days respectively, from the due date of furnishing **FORM GSTR-3B**.
 - iii. NIL rate of interest for first 15 days from the due date of furnishing the statement in **CMP-08** by composition dealers for QE March 2021, and reduced rate of 9% thereafter for further 45 days.
- b) For May 2021 tax period:
 - i. NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B or filing of PMT-06 Challan, and reduced rate of 9% thereafter for further 15 days.
 - ii. Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for taxpayers filing monthly returns for 30 days from the due date of furnishing FORM GSTR-3B.

II. For large taxpayers (aggregate turnover more than Rs. 5 crore)

- a) A lower rate of interest @ 9% for first 15 days after the due date of filing return in FORM GSTR-3B for the tax period May, 2021.

b) Waiver of late fee for delay in furnishing returns in FORM GSTR-3B for the tax period May, 2021 for 15 days from the due date of furnishing FORM GSTR-3B.

C. Certain other COVID-19 related relaxations to be provided, such as

1. Extension of due date of filing **GSTR-1/ IFF** for the month of **May 2021** by **15 days**.
2. Extension of due date of filing **GSTR-4** for **FY 2020-21** to **31.07.2021**.
3. Extension of due date of filing **ITC-04** for **Quarter ending March 2021** to **30.06.2021**.
4. Cumulative application of **rule 36(4)** for availing ITC for tax periods April, May and June, 2021 in the return for the period June, 2021.
5. Allowing filing of returns by companies using Electronic Verification Code (EVC), instead of Digital Signature Certificate (DSC) till **31.08.2021**.

D. Simplification of Annual Return for Financial Year 2020-21:

1. Amendments in **section 35** and **44** of CGST Act made through Finance Act, 2021 to be notified. This would ease the compliance requirement in furnishing reconciliation statement in FORM GSTR-9C, as taxpayers would be able to self-certify the reconciliation statement, instead of getting it certified by chartered accountants. This change will apply for Annual Return for FY 2020-21.
2. The filing of annual return in **FORM GSTR-9 / 9A** for FY 2020-21 to be optional for taxpayers having aggregate annual turnover upto Rs 2 Crore;
3. The reconciliation statement in **FORM GSTR-9C** for the FY 2020-21 will be required to be filed by taxpayers with annual aggregate turnover above Rs 5 Crore.

[Press Release - 43rd Meeting of GST Council](#)

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.



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