

NEWSLETTER

TAX

OCTOBER
2020

- Income Tax
- Goods and Services Tax
- Important Rulings



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Income Tax

1. Amendment in Form 3CD, Form No 3CEB and ITR 6

CBDT

Notification No.82/2020 dated 01.10.2020

CBDT has notified certain changes in Appendix II [i.e. **Form 3CD (tax audit report)** , **Form No 3CEB (transfer pricing report)** and **ITR6**] and Rule 5 [Depreciation] of the Income tax rules through the Income-tax (22nd Amendment) Rules, 2020 which is effective from 1st October,2020.

Gist of changes are as under:

Changes in Form 3CD

Sr.No	Amendment	Particulars
1	Serial number 8a : Part A	Whether the assessee has opted for taxation under section 115BA/115BAA/115BAB?"
2	New clause 18(ca) ; Part B	Adjustment made to the written down value under section 115BAA (for assessment year 2020-21 only)
3	New clause 18(cb) Part B	Adjusted written down value
4	Serial number 32(a) Part B	Additional information about losses/allowances not allowed u/s 115BAA and amount adjusted on account of withdrawal of additional depreciation u/s 115BAA

Changes in Form 3CEB

New clause has been added in the Form to provide for information in respect of specified domestic transactions entered into by the assessee with persons who have availed the option under sec. 115BAB which has resulted in more than ordinary profits to such persons.

Changes in ITR 6 [Company]

Sr.No.	Amendment	Particulars
1	Schedule-DPM	Adjustments for depreciation under section 115BAA
2	Schedule-CFL	Adjustments for losses and allowances under section 115BAA
3	Schedule-UD	Adjustments for depreciation under section 115BAA

Amendment in Rule 5 of Income Tax Rules

Provisio to Rule 5 (1) Existing	Provisio to Rule 5 (1) Amended
restricts the rate of depreciation to 40% on the written down value of the block of assets if the prescribed rate of depreciation is higher than 40% for such block of assets	No change
Depreciation u/s 32(1) (ii) in case of domestic company which has exercised an option under section 115BA(4) {i.e. 25% reduced tax rate}.	Depreciation u/s 32(1) (ii) in case of domestic company which has exercised an option under section 115BA (4) {tax rate 25%} 115BAA (tax rate 22%), 115BAB (tax rate 15%), 115BAC (new slab of tax for Individual/HUF) and section 115BAD (tax rate 22%),

Amendment has also inserted the following new Rules and Forms namely:

Rule	Description
Rule 21AG	An Individual or HUF shall exercise the option of the lower tax regime under section 115BAC(5) by filing Form No. 10-IE from AY 2021-22
Rule 21AH	A cooperative society resident in India shall exercise the option of the lower tax regime under section 115BAD(5) by filing Form No. 10-IF from AY 2021-22.

- These Forms shall be furnished electronically either under digital signature or electronic verification code.
- These changes in the Tax Audit Report in Form No. 3CD, Form No. 3CEB and ITR-6 are made **applicable for AY 2020-21**.
- Hence, if any ITR-6 or Tax Audit Report in Form No. 3CD or Form No. 3CEB has already been filed before 1st October 2020, there is no need to revise the ITR-6 or the Tax Audit Report.
- However, if any such return or report is not yet filed, it has to be filed as per amended provisions.

[Notification No.82](#)

2. Arm's Length Tolerance Range for 2020-21 Assessment Year

CBDT

Notification No.83/2020 dated 19.10.2020

Government has notified that where the variation between the arm's length price determined under **section 92C** and the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed **1% in respect of wholesale trading** and **3% in all other cases {Earlier it was 3% for all cases}**, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for **assessment year 2020-2021**.

[Notification No.83](#)

3. Extension of due date of furnishing of Income tax returns and Tax audit report

CBDT

Press Release dated 24.10.2020

CBDT has **further extended** the due dates for furnishing of **Tax audit report and filing of Income tax return (ITR) for the AY 2020-21**. The new due dates notified are as below:

Nature of Compliance	Assessment Year	Original Due Date	Last Extended Due Date	New Due Date
Belated ITR	2019-20	31-03-2020	30-09-2020	30-11-2020
Revised ITR	2019-20	31-03-2020	30-09-2020	30-11-2020
ITR (In case of TP Audit)	2020-21	30-11-2020	-	31-01-2021
ITR (Company Assessee)	2020-21	31-10-2020	30-11-2020	31-01-2021
ITR (where tax audit is required)	2020-21	31-10-2020	30-11-2020	31-01-2021
ITR (in case of a partner in a firm whose tax audit is required)	2020-21	31-10-2020	30-11-2020	31-01-2021
ITR (in any other case)	2020-21	31-07-2020	30-11-2020	31-12-2020
Filing of Tax audit report and all other reports	2020-21	30-09-2020	31-10-2020	31-12-2020

- No relief has been provided from interest payable under section 234A if the tax liability exceeds Rs 1 Lakh.
- Thus, if self- assessment tax liability of an assessee exceeds Rs 1 Lakh, Interest is to be paid under

section 234A from the expiry of original due dates i.e. 31-07-2020 or 31-10-2020.

- Interest under section 234A shall not be levied if self -assessment tax liability does not exceed Rs 1 Lakh and ITR is filed within the extended due date.

[Press Release](#)

4. Extension of date of payment under Vivad se Vishwas Act,2020

CBDT

Circular No. 18/2020 dated **28.10.2020** & Notification No.85 **27th October,2020**

Central Government has further extended the following dates under Vivad se Vishwas Act,2020:

Particular	Date (Old)	Date (New)
Payment without additional amount	31 st December,2020	31 st March,2021
Payment with additional amount	1 st January,2021	1 st April,2021
Filing of Declaration	31 st December,2020	31 st December,2020

[Circular 18](#) [Notification No.85](#)

5. Equalization levy (Amendment) Rules, 2020

CBDT

Notification No.87 dated **28th October,2020**

Central Government has made amendment in the Equalization levy Rules, 2016, which is effective from 28th October,2020.

Gist of changes are as under:

Rule	Description
2(aa) : New Rule	Electronic verification code (EVC) is required to be generated for the electronic verification of the person furnishing the statement of specified service
3	States that, the amount of consideration for specified services and the amount of Equalisation levy, interest and penalty payable, and the amount of refund due ,shall be rounded off to the nearest multiple of Rs 10 : abovementioned word specified service is removed
4	The assessee or e-commerce operator, who is required to deduct and pay equalisation levy, shall pay the amount of such levy, by remitting it into the RBI or in any branch of the State Bank of India or of any authorised Bank accompanied by an equalisation levy challan.
5	Statement of specified services is required to be furnished under section 167(1) or 167(2) in Form No.1 electronically under digital signature or EVC

The format for Form No 1, Form No 3 and Form No 4 has also been amended.

[Notification No.87](#)

GOODS AND SERVICES TAX

1. Special procedure for taxpayers who have not prepared e-Invoices

CBIC Notification No.
73/2020 of Central Tax – dated **01.10.2020**

CBIC has provided an option in respect of E- Invoices for the period 1ST Oct 2020 to 31st Oct 2020

- Where E Invoice required to be raised under Rule 48(4) by registered persons, have not been prepared during 1ST Oct 2020 to 31st Oct 2020,
- Invoice Reference Number (IRN) for such invoice can be obtained by uploading specified particulars in **FORM GST INV-01** on the GST Portal,
- Specified particulars to be uploaded within **30 days** from the invoice date failing which the same shall not be treated as an invoice.

[Notification No.73](#)

2. Due Date for Furnishing FORM GSTR-1

CBIC Notification No.
74/2020 of Central Tax – **dated 15.10.2020**

CBIC has revised the due date for filing of **FORM GSTR-1** for registered person whose aggregate turnover in preceding financial year or current year **up to 1.5 Crore or more than 1.5 crore rupees**.

The revised due date are tabled below:

Period	Turnover	Form	Last Due Date	Revised Due Date
Monthly : { From Oct'20 to March'21}	> 1.5 crore	GSTR 1	11 th of the succeeding month	11 th of the succeeding month
Quarter : Oct'20 to Dec'20	< 1.5 crore	GSTR 1	31 st of the succeeding Quarter	13 th January,2021
Quarter : Jan'21 to Mar'21	< 1.5 crore	GSTR 1	30 th of the succeeding Quarter	13 th April,2021

[Notification No.74](#) [Notification No.75](#)

3. Due Date for Furnishing FORM GSTR-3B

CBIC Notification No.
76/2020 of Central Tax – **dated 15.10.2020**

CBIC has prescribed due date for furnishing **FORM GSTR-3B** for the period October, 2020 to March, 2021 (monthly) for taxpayers having an aggregate turnover of **up to 5 crore rupees** in the previous financial year:

Period	Due Date	State
October, 2020 to March, 2021	22 nd day of the month succeeding such month	Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep.
October, 2020 to March, 2021	24 th day of the month succeeding such month	Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.

- ❖ Taxpayers having an aggregate turnover of **more than 5 crore rupees** in the previous financial year, shall furnish **FORM GSTR-3B** for each of the months from October, 2020 to March, 2021, on or before the **20th day of the month succeeding such month**.

[Notification No.76](#)

4. Exemption for Filing of annual return (GSTR 9) for F.Y. 2019-20

CBIC Notification No.
77/2020 of Central Tax – **dated 15.10.2020**

CBIC has exempted a registered person whose aggregate **turnover** in a financial year does not **exceed Rs 2 crore**, from furnishing the annual return in **Form GSTR 9** for FY 2019-20.

[Notification No.77](#)

5. Notification of HSN digits in tax invoice.

CBIC Notification No.
78/2020 of Central Tax – **dated 15.10.2020**

CBIC has revised requirement to mention the digit of HSN code on the tax invoice with **effect from the 1st April, 2021**, which are as follows:-

Sr.No	Aggregate Turnover in the preceding Financial Year	Number of Digits of HSN Code (Old)	Number of Digits of HSN Code (New)
1.	Up to rupees 5 crores	2 (More than 1.5 crore and upto 5 crore: 2 digit of HSN) and (Less than 1.5 crore no HSN code required)	4
2.	More than rupees 5 crores	4	6

Further, registered person having aggregate **turnover up to 5 crores** rupees in the previous financial year is not required to mention the number of digits of HSN Code on a tax invoice issued in respect of **supplies made to unregistered persons**.

[Notification No.78](#)

6. CGST (Twelfth Amendment), 2020

CBIC Notification No.
79/2020 of Central Tax – **dated 15.10.2020**

CBIC has amended the following rules of CGST Rule 2017:

a) Rule 67A: Filing of Return Through SMS

Nil return of GSTR 1, GSTR-3B and CMP-08 can be filed through Short messaging service (SMS) facility verified by a registered mobile number based OTP facility.

b) Rule 80: Annual GST Audit and Filing of form GSTR – 9C

For FY 2018-19 and 19-20, GSTR 9C (Annual audit) is required to be filed only if turnover during the year exceeded Rs 5 crore

Note: Earlier the threshold limit for audit and filing of GSTR 9C was ₹ 2 Crores.

c) Changes in Form GSTR 9:

- In the Table, against serial numbers 4, 5, 6 and 7, the taxpayers shall report the values pertaining to the current financial year only. The value pertaining to the preceding financial year shall not be reported here.
- Table 6B, 6C ,6D & 6E (Input Credit for the FY):** For FY 2019-20, the registered person shall report the breakup of input tax credit as capital goods and have an option to either report the breakup of the remaining amount as inputs and input services or report the entire remaining amount under the “inputs” row only.
- Table 8A (Input Credit for the FY):** For FY 2019-20, the details from FORM GSTR2A generated

as on the 1st November, 2020 shall be auto-populated in this table.

[Notification No.79](#)

7. Availment of input tax credit based on GSTR 2A as per sub-rule (4) of rule 36 for the months of February, 2020 to August, 2020 and onwards

CBIC Circular No.
142/2020 of Central Tax – **dated 09.10.2020**

CBIC has re-iterated that clarification issued vide circular no. 123/42/2019 dated 11.11.2019 and notification no. 30/2020 dated 03.04.20, continue to be applicable.

- The aforesaid clarification states that provisional tax credit (without invoices on GSTR-2A) can be claimed in GSTR-3B only to the extent of **10% of eligible ITC reflected in the GSTR-2A.**
- Such condition is to be applied **cumulatively** for the **months February, March, April, May, June, July and August, 2020** and the return **in FORM GSTR-3B** for the month September, 2020 shall be furnished **with the cumulative adjustment of** input tax credit for the said months in accordance with the condition above.
- 10% Rule shall apply independently for the month September,2020.

[Circular No.142](#)

8. Extension of due date for furnishing Annual Return (GSTR 9) and Reconciliation Statement (GSTR 9C) for FY 2018-19

CBIC
Notification No.80 **dated 28.10.2020** & Press release – **dated 24.10.2020**

CBIC has **further extended** the due dates for furnishing of **Annual Return (GSTR 9) and Reconciliation Statement (GSTR 9C) for FY 2018-19 from 31st October,2020 till 31st December,2020.**

[Press Release](#) [Notification NO.80](#)

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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