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Synopsis

Reserve Bank of India

Foreign Direct Investment Policy

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## SYNOPSIS

### 1. Reserve Bank of India Updates:

- i. Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months (March 01, 2020 to August 31, 2020) to borrowers in specified loan accounts.
- ii. Revised regulatory framework for the Housing Finance Companies.

### 2. Foreign Direct Investment (FDI) Updates:

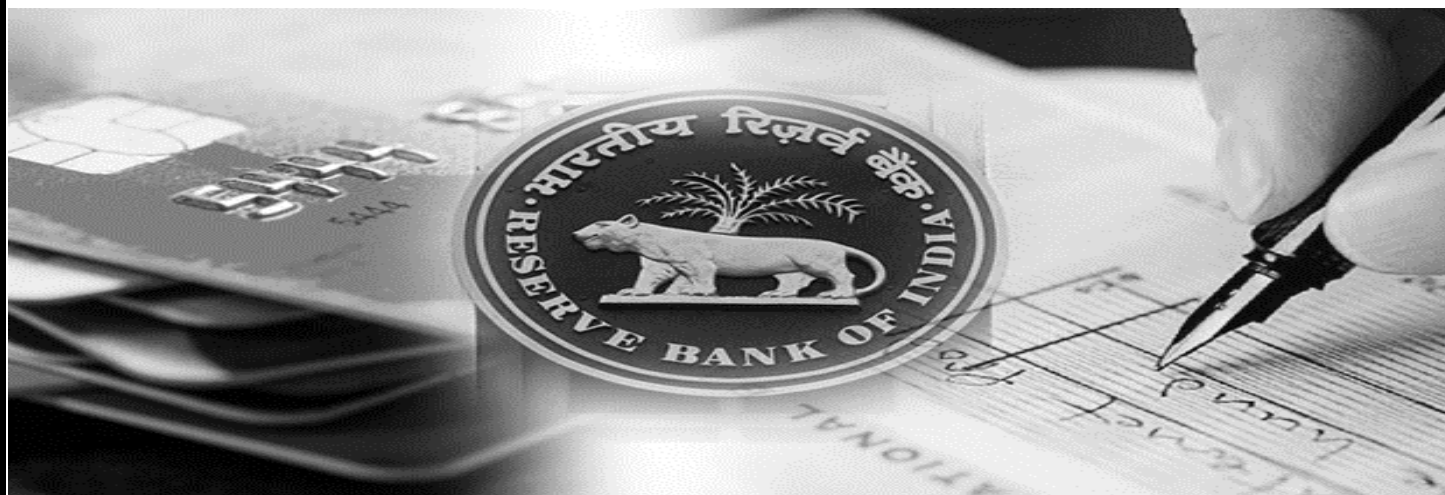
- i. Issuance of consolidated FDI Policy 2020.

### 3. Direct Tax Updates:

- i. Income tax exemption for payment of Deemed Leave Travel Concession (LTC) fare to Government and concessions to Non-Government employees.
- ii. Extension of due dates under the Direct Tax Vivad se Vishwas Scheme.
- iii. Extension of due date for furnishing Income tax return and Audit reports
- iv. Arm's length price under Section 92C for International Transaction or Specified domestic transaction.

### 4. Indirect Tax Updates:

- i. Due date of filing of return GSTR 9 & 9C for the FY 2018-19 extended till December 31, 2020.
- ii. High Court of Madras Ruling: Input tax credit cannot be disallowed to purchaser if seller has collected tax but not paid to Government
- iii. High Court of Gauhati Ruling: Sabka Vishwas Scheme benefit is available even if penalty amount is not mentioned in form SVLDRS-1
- iv. TN AAR ruling: Supply of printed trade advertising material, where content is provided by the recipient is a composite supply
- v. Guide book for faceless assessment under customs



## RBI Updates

### 1. Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months (March 01, 2020 to August 31, 2020) to borrowers in specified loan accounts:

In view of the continued impact of COVID-19 on various sectors of the economy, the Central Government has approved a Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (01.03.2020 to 31.08.2020). The scheme is available for the borrowers whose aggregate facilities and outstanding amount of all the facilities does not exceed INR 2 crores as on February 29, 2020.

The above scheme is available to the borrowers if they satisfy all the conditions provided in the notification and operational guidelines by the Central Government.

Please refer the following link for the notification and the operational guidelines:  
<https://financialservices.gov.in/sites/default/files/Scheme%20Letter.pdf>

### 2. Revised regulatory framework for the Housing Finance Companies:

Based on the inputs received from the various stakeholders on the draft regulatory framework, the RBI has issued a revised regulatory framework for the housing finance companies.

Please refer the following link for the notification and the changes in the regulatory framework:  
<https://rbidocs.rbi.org.in/rdocs/notification/PDFs/NT605BE165AA9E8043EFA087339829CCF469.PDF>



**FDI Updates**

**1. Consolidated FDI Policy for the year 2020:**

The Department of Promotion of Industry and Internal Trade of Ministry of Commerce and Industry (“DPIIT”) has issued a consolidated FDI Policy on October 15, 2020 containing all the changes/ amendments made by the DPIIT during the year 2020 vide their press notes. The consolidated FDI Policy 2020 shall be applicable from October 15, 2020.

Please refer the following link for the consolidated FDI Policy 2020:  
[https://dipp.gov.in/sites/default/files/FDI-PolicyCircular-2020-29October2020\\_1.pdf](https://dipp.gov.in/sites/default/files/FDI-PolicyCircular-2020-29October2020_1.pdf)



## DIRECT TAX UPDATES

### 1. Income tax exemption for payment of Deemed Leave Travel Concession (LTC) fare to Government and concessions to Non-Government employees:

#### Central Government Employees:

The Government of India with a view to incentivise consumption and compensate Central Govt. employees who were not able to avail LTC due to nationwide lockdown as well as disruption of other Industries in the current block of 2018-21, has allowed payment of cash equivalent of LTC fare to Central Govt. employees and the same shall be taken as Deemed LTC and accordingly Income tax exemption will be available.

#### Non-Central Government Employees:

For all non-central government employees, The Government has decided to provide similar income-tax exemption for the payment of cash equivalent of LTC fare i.e., maximum of INR 36,000/- per person (round trip) to the non-Central Government employees subject to fulfilment of below conditions:

- A. The employee exercises an option for the deemed LTC fare in lieu of the applicable LTC in the Block year 2018-21.
- B. The employee spends a sum equal to three times of the value of the deemed LTC fare on purchase of goods / services which carry a GST rate of not less than 12% from GST registered vendors / service providers through digital mode during the period from the October 12, 2020 to March 31, 2021 and obtains a voucher indicating the GST number and the amount of GST paid.
- C. An employee who spends less than three times of the deemed LTC fare on specified expenditure during the specified period shall not be entitled to receive full amount of deemed LTC fare and the related income-tax exemption and the amount of both shall be reduced proportionately.

An employee who has exercised an option to pay income tax under concessional tax regime under section 115BAC of the Income Tax Act, 1961 shall not be entitled for this exemption.

Please refer the press release in the following link:

<https://pib.gov.in/PressReleaselframePage.aspx?PRID=1668609>

## 2. Extension of due dates under the Direct Tax Vivad se Vishwas Scheme:

The Central Government has extended the timelines for filing various forms under the “Vivad Se Vishwas” Scheme and the new timelines are as below:

- a. Declaration as per Section 4 to be filed by December 31, 2020;
- b. Amount payable as per Section 3 (Payment without additional amount) – on or before March 31, 2021;
- c. Amount payable as per Section 3 (Payment with additional amount) – On or After April 31, 2021;
- d. An Applicant filing the declaration within 31 December, 2020 will be allowed to make payment by March 31, 2021 without any additional amount.

## 3. Extension of due date for furnishing Income tax return and Audit reports:

Sl No	Particulars	Original Due date	Extension
1	Furnishing of Income tax Return for taxpayers (including their partners) who are required to get their accounts audited	The due date as per the Act was October 31, 2020	Extended to January 31, 2020
2	Furnishing of Income tax Return for taxpayers who are required to furnish report in respect of International/Specified Domestic Transactions	The due date as per the Act was November 30, 2020	Extended to January 31, 2020
3	Furnishing of Income tax return for other taxpayers	The due date as per the Act was July 31, 2020	Extended to December 31, 2020
4	Furnishing of various audit reports under Act including Tax audit report and report in respect of international/specified domestic transaction	The due date as per the Act was October 31, 2020	Extended to December 31, 2020

Self - Assessment tax:

Date of payment of self-Assessment tax for taxpayers whose self-assessment tax liability is up to INR 1 lakh has been extended to January 31, 2021 for the taxpayers mentioned in point 1 & 2 and to December 31, 2020 for the taxpayers mentioned in point 3 above.

**4. Central Board of Direct Taxes issues notification on Arm's Length Tolerance Range for 2020-21 Assessment Year:**

Central Board of Direct Taxes has published Notification No. 83/2020 on the accepted tolerance range for transactions to be considered as at arm's length for the 2020-21 assessment year. This includes a variation of up to 1% in respect of wholesale trading and 3% in all other cases.


**INDIRECT TAX UPDATES**
**Goods and Services Tax:**

- a. **Notification No. 80/2020-Central Tax dt. October 28, 2020:** Due date of filing of annual returns in Form GSTR 9 & 9C for the financial year 2018-19 extended till December 31, 2020.
- b. **Notification No 05/2020-Central Tax (Rate) & Integrated Tax (Rate) & Union Territory tax (rate) dt. October 16, 2020:** To encourage domestic launching of satellites particularly by young start-ups, the satellite launch services supplied by ISRO, Antrix Corporation Ltd. and NSIL would be exempted.

**Case Laws:**

In the Case of	Date of ruling	Matter Related to	GIST of the case
Sri Ranganathar Valves (P) Ltd vs. Assistant Commissioner of (CT) (FAC) High Court of Madras	September 02, 2020	Restriction of the amount of Input tax Credit	It has been held that Input Tax Credit (ITC) cannot be disallowed on the ground that the seller has not paid the tax to the Government, when the purchaser is able to prove that the seller has collected the tax and issued invoices to the purchaser.
ACME Trade and Agencies Vs. Union of India High Court of Gauhati	June 23, 2020	Sabka Vishwas Scheme benefit is available even if the assessee has not mentioned penalty amount in Form SVLDRS-1	If the assessee made inadvertent mistake by not mentioning about penalty imposed Upon them in Form SVLDRS 1, would not dis-entitle the assessee from availing benefits under SVLDRS 2019



**Advanced Rulings:**

Ruling No	In the Case of	Ruling
24/ARA/2020 Dated May 04, 2020 (Tamil Nadu)	Macro Media Digital Imaging Private Limited	<p>Macro Media manufactures printing of billboards, Trade show graphics, Office Branding, Window Graphics, Building Wraps, Fleet Graphics, other materials in-store Branding, Banners, Signage Graphics, free-standing display unit and is called as trade advertisement materials.</p> <p>Advance ruling was sought on following questions:</p> <ul style="list-style-type: none"> <li>- Whether the transaction of printing of content on poly vinyl chloride banners and supply of such advertisement material is supply of goods?</li> <li>- Classification of trade advertisement if transaction is supply of goods or supply of services?</li> </ul> <p>Ruling – The printing of content provided by the recipient on the PVC materials of the applicant and supply of printed trade advertising material to the recipient is a composite supply and supply of service of printing is the principal supply.</p> <ul style="list-style-type: none"> <li>- The service shall be classified under SAC – 998912 (Printing and reproduction services of recorded media, on a fee or contract basis) and rate as applicable</li> </ul>

- c. With effect from November 01, 2020 filing of GSTR 3B & GSTR 1 using EVC facility instead of DSC for the registered persons, who are also registered under the Companies Act, 2013, has been withdrawn. Filing of NIL returns through OTP verification will continue for all types of registered persons.

**CUSTOMS:**

**A. Notification No. 37/2020-Customs dt. October 20, 2020:** The Exemption on customs duty on imports of “Polybutadiene Rubber excluding titanium and lithium grades” originating in Korea RP imported under the India-Korea Comprehensive Economic Partnership Agreement.

**B. Notification No. 38/2020-Customs dt. October 21, 2020:** Exemption from customs duties against scrips issued under the RoSL scheme for apparel and made-ups sectors.

Detailed notification is available at: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-tarr2020/cs38-2020.pdf>

Similar exemption provided under Central Excise vide notification No. 07/2020-CE dt. October 21, 2020.

Detailed notification is available at: <https://www.cbic.gov.in/resources//htdocs-cbec/excise/cx-act/notifications/notfns-2020/cx-tarr2020/ce07-2020.pdf>

**C. Notification No. 39/2020-Customs dt. October 28, 2020:** Concessional Basic Customs Duty on Lentils (Mosur) extended till December 31, 2020.

**D. Notification No. 40/2020-Customs dt. October 28, 2020:** Concessional Basic customs duty rate on potato imports with the prescribed quota (TRQ) till January 31, 2021.

Detailed notification is available at: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-tarr2020/cs40-2020.pdf>

**E. Notification No. 41/2020-Customs dt. October 29, 2020:** Amendment to Notification No. 16/2017 dt. April 20, 2017 which provides exemption to specified medicines under certain Patient Assistance Programmes (PAP’s) run by pharmaceutical companies.

Detailed notification is available at: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-tarr2020/cs41-2020.pdf>

**F. Notification No. 101/2020-Customs (N.T.) dt. October 16, 2020:** Amendment to Notification No. 63/1994 dt. November 21, 1994 which provides Land Customs Stations and Routes for import and export of goods by land or inland water ways so as to include road connecting Jaigaon Bazar in India and Phuentsholing in Bhutan and Asian Highway 48 connecting Torsha tea garden in India and Ahllay in Bhutan.

**G. Notification No. 103/2020-Cus (NT) dt. October 29, 2020:** Tariff Notification in respect of Fixation of Tariff Value of Edible Oils, Brass Scrap, Poppy Seeds, Areca Nut, Gold and Silver

Detailed notification is available at: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt103-2020.pdf>

- H. **Notification No. 31/2020-Customs (ADD) dt. October 16, 2020:** The levy of Anti-dumping duty on imports of Front Axle Beam and Steering Knuckles meant for heavy and medium commercial vehicles originating in or exported from China PR, has been extended up to November 30, 2020.
- I. **Notification No. 32/2020-Customs (ADD) dt. October 19, 2020:** The levy of Anti-dumping duty on imports of Fully Drawn or Fully Oriented Yarn/Spin Draw Yarn/Flat Yarn of Polyester imported from China and Thailand, has been extended up to November 30, 2020.
- J. **Notification No. 33/2020-Customs (ADD) dt. October 19, 2020:** The levy of Anti-dumping duty on imports of Fluoroelastomers (FKM) originating in or exported from China PR, has been extended up to November 27, 2020.
- K. **Circular No. 47/2020-Customs dt. October 20, 2020:** Contactless delivery of international courier consignments based on OTP validation.

Detailed circular is available at: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-47-2020.pdf>

- L. **Circular No. 48/2020-Customs dt. October 27, 2020:** Manufacturing and other operations undertaken in bonded warehouses.

Detailed circular is available at: <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2020/Circular-No-48-2020.pdf>

- M. Central Board of Indirect Taxes and Customs (CBIC) has decided to roll-out the Faceless assessment at All India level in all ports of import and for all imported goods by October 31, 2020 vide Circular No 40/2020 dt. September 04, 2020, in this connection CBIC has issued guidebook for 'Faceless Assessment' under customs on October 30, 2020.

Guidebook is available at: [https://www.cbic.gov.in/resources//htdocs-cbec/deptt\\_offcr/Guidebook Faceless Assessment 29Oct2020.pdf](https://www.cbic.gov.in/resources//htdocs-cbec/deptt_offcr/Guidebook Faceless Assessment 29Oct2020.pdf)

[www.manian-rao.com](http://www.manian-rao.com)

**Address:**

**Bangalore**

#361, First Floor, 7<sup>th</sup> Cross, 1<sup>st</sup> Block,  
Jayanagar, Bangalore – 560011  
Phone: +91 80 26569500 / 9501

**Chennai**

# 4, EaswaranKoil Street  
Old Pallavaram,  
Chennai – 60017  
Phone: +91 44 22641404

**Madurai**

# 110, First Floor  
Old No 85, 4<sup>th</sup> Street  
Harvey Nagar, Arasaradi  
Madurai – 625016  
Phone: +91 452 2343630

**Key Contacts**

**Paresh Daga**

Senior Partner  
paresh@manian-rao.com

**R Srikanth**

Senior Partner  
srikanth@manian-rao.com

**Ravindra C**

Partner  
ravindra@manian-rao.com

**Pallavi V Rao**

Partner  
pallavi@manian-rao.com

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