Tax & Regulatory Updates – Key developments of May 2021

A. Direct Taxation:-

1. CBDT prescribed thresholds for triggering "Significant Economic Presence" (SEP) for non-residents in India: - Notification No. 41/2021 dated 3 May 2021

CBDT vide its notification dated 03 May 2021 inserted a new Rule 11UD i.e., 'threshold for the purpose of significant economic presence' applicable w.e.f. 01 April 2022. As per explanation 2A to section 9(1)(i) of the Income Tax Act, the SEP of a non-resident in India shall constitute a "business connection" in India. Such SEP would mean:

a) transaction 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, if the aggregate of payments arising from such transactions during the financial year exceeds such amount as may be prescribed; or

b) systematic and continuous soliciting of business activities or engaging in interaction with such number of users in India, as may be prescribed.

Recently, CBDT vide its notification dated 03 May 2021 notified the above thresholds as below: -

- **Revenue-Linked condition:** Any transaction 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, if the aggregate of payments arising from such transaction or transactions during the tax year exceeds **INR 2 crores**.

- **User-Linked condition:** Systematic and continuous soliciting of its business activities or engaging in interaction with **3 lakh users** in India.

2. Central Board of Direct Tax issued procedure for furnishing and Upload of Form No. 34BB of Income Tax on E filing portal to withdraw application before Settlement Commission:- Notification No. 5 of 2021 dated 24 May 2021

CBDT vide its notification dated 24 May 2021 has notified the Procedure for exercise of option to withdraw application pending before settlement commission and intimation thereof by furnishing and upload of Form No. 34BB. It has laid down the procedure under two steps: -

First Step: Provide basic details of the assessee(s) who are intended to exercise this option.

Second Step: Upload signed copy of form no 34BB on e-filing portal of the department.

3. CBDT has notified new rules for computation of fair market value of capital assets for the purpose of slump sale: - Notification no. 68/2021 dated 24 May 2021

The CBDT has notified new rule 11UAE under section 50B for computation of fair market value of capital assets in slump sale. It has provided two formulas and the fair market value will be the higher of the two values. Further, the rule provides that all assets of the business undertaking other than five specific =

categories of assets - immovable property, jewellery, shares, securities and artistic work – will be valued based on book value. However, fair market value of these five categories will be determined as per existing valuation rules by assuming these assets were being transferred individually.

4. CBDT grants further extension for filing of appeal before Commissioner of Income-tax (Appeal) in line with the Supreme Court directives:- Circular dated 25th May 2021

Earlier CBDT vide its Circular No. 8/2021 dated 30 April 2021 extended the time limit for multiple compliances including time limit to file appeal before CIT(A). As per the said extension, where the due date to file appeal before CIT(A) is falling due on 1 April 2021 or thereafter such due date is extended to 31 May 2021 or original due date as per the provisions of the Act whichever is later.

Supreme Court of India on the other side considering the extraordinary situation caused by the sudden outburst of second wave of COVID-19 vide order dated 27 April 2021 has again restored its earlier order of 23 March 2020 (and revoked its order dated 8 March 2021) and directed that period of limitation, as prescribed under any general or special laws in respect of all judicial or quasi-judicial proceedings whether condonable or not shall stand extended till further orders.

Therefore, CBDT's extension vide its Circular No. 8/2021 dated 30 April 2021 with respect to the filing of appeal before CIT(A) was in conflict with the open-ended extension provided by the SC vide order dated 27 April 2021.

In order to remove confusion, the CBDT has now vide its circular dated 25 May 2021 clarified that if any compliance is governed by different relaxations, the taxpayer is entitled to the relaxation which is more beneficial to the taxpayer. Accordingly, the limitation period for filing appeal before CIT(A) shall be governed by the SC order dated 27 April 2021 and shall remain extended openly until further order of the SC.

5. CBDT Notifies Rules for LTC Cash Voucher Scheme Exemption:- Notification No. 50/2021 dated 5 May 2021

On 12 October 2020, the finance minister announced the Leave Travel Concession (LTC) Cash Voucher Scheme for central government employees. Later on, the scheme was extended to non-central government employees to include state government employees, private sector employees, etc.

An employee opting for this scheme is required to buy goods/services worth 3 times the fare and 1 time the leave encashment before 31 March 2021. The scheme further requires that money must be spent on goods attracting GST of 12% or more from a GST registered vendor through digital mode. The employee is required to produce a GST invoice to avail the benefit.

Later, Finance Act 2021 codified the above scheme in the Income Tax Act to provide that for the assessment year beginning on the 01 April 2021 an Individual in lieu of any travel concession or assistance received by or due to such individual shall also be exempt under this clause subject to the fulfilment of such conditions (including the condition of incurring such amount of such expenditure within such period) as may be prescribed.

Now, CBDT vide its notification dated 05 May 2021 prescribes the above amount as well as the conditions for availing the exemption under the above scheme. As per the notification, an individual availing the above scheme can get the exemption of the maximum 36000 or 1/3 of the specified expenditure, whichever is less subject to the fulfilment of the following conditions: -

- the individual has exercised an option to avail exemption under the above scheme in lieu of one unutilised journey during the block of four calendar years commencing from the calendar year 2018;
- 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; - 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; and - the individual obtains a tax invoice in respect of specified expenditure from the registered person referred in clause (ii).

It is further provided in sub-Rule (1B), where an exemption on value in lieu of any travel concession or assistance received by, or due to, such individual, is claimed and allowed, the same shall be available to an individual in respect of one journey performed in a block of four calendar years commencing from the calendar year 1986.

6. CBDT notifies Income-tax (14th Amendment) Rules, 2021 classifying the cases where PAN is not required: - CBDT notification no. 42/2021, dated 04 May 2021

CBDT vide its notification dated 04 May 2021 amended the Rule 114AAB of the Income Tax Rules which provides the class of classes of persons to whom provisions of section 139A not apply i.e., not required to obtain PAN. CBDT vide its notification has further extended this relaxation to a Non-resident investor (being 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. Further, the above relaxation will be applicable in the case where one should not have any income in India other than the transaction referred above.

Also, the concerned stock exchange is required to obtain the following details/ documents from the non-resident: -

- name, e-mail id, contact number;
- address in the country or specified territory outside India of which he is a resident;
- a declaration that he is a resident of a country or specified territory outside India; and
- Tax Identification Number in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident is identified by the Government of that country or the specified territory of which he claims to be a resident.

Subsequently, the changes have been made in Form 49BA which is required to be furnished by a stockbroker within fifteen days from the end of the quarter of the financial year to which such statement relates.

Further, the above notification added the specified fund referred in 10(4D)(c)(i) i.e. fund which has been granted a certificate of registration as a Category III Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations 2012 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) in the definition of the specified fund as provided in the explanation.

7. CBDT relaxes the condition on cash payments under section 269ST of the Income Tax Act: - Notification no. 56/2021 dated 7 May 2021

Section 269ST of the Income Tax Act bars the receiving an amount of above Rs. 2 lakh in a single transaction / from a single person / for a single event otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account. In view of this raging situation of Covid-19 pandemic, CBDT vide its notification dated 7 May 2021 has provided relaxations to Hospitals, Dispensaries, Nursing Homes, Covid Care Centres or similar other medical facilities providing Covid treatment to patients and they can receive cash payments beyond Rs. 2 lakhs.

However, the above relaxation is provided only if the above specified institutions obtain the PAN or AADHAAR of the patient and the payee and maintains information on the relationship between the patient and the payee. Further the above relaxation is valid between 1 April 2021 till 31 May 2021.

8. Income Tax Appellate Tribunal Bangalore Zone adjourns all hearings till 23 May 2021 due lockdown in the state of Karnataka: - Office Order dated 11 May 2021

In view of the lockdown announced by Karnataka Government, Bangalore ITAT vide its public order 11 May 2021 adjourns all regular matters/ appeals till 23 May 2021 or until further orders, whichever is earlier. It has also been mentioned that the next date of hearing in such matters will be notified on ITAT's website.

In case of any urgency and/ or difficulty on account of the above adjournment, authorised representative or the assessee may make an application at least 2 days in advance by email at "bangalore.bench@itat.nic.in"

9. CBDT releases International Tax Bulletin for the month of March and April 2021: - CBDT Update dated 25 May 2021

Recently, CBDT's (Foreign Tax & Tax Research Division) has released the International Tax Bulletin for the month of March and April, 2021

Some of the Key aspects covered in the March edition are as under: -

- First information exchange by 12 ‘no or nominal tax jurisdictions.
- US proposal of ‘Made in America Tax Plan’ whereby US federal corporate income tax rate would rise from 21% to 28%.
- Updates on European Union’s new reporting obligations for tech companies, which include:
    - i) obligation to collect and verify information in accordance with due diligence procedures, and
    - ii) obligation to report information on sellers using the platform for supply of goods or services
- Details on the UK's Finance Bill, 2021 proposals such as increase in tax rates, super deduction on capital allowance, etc.

Some of the Key aspects covered in the April edition are as under: -

- Discussion on India-Iran Tax Treaty entering into force and also on UN’s approval for inclusion of new Article 12B on automated digital services.
- Updates on OECD’s third peer review report on treaty shopping, states that many of India’s treaties are now compliant with the minimum standard through the Preamble text and the PPT in the MLI.
- Highlights the slew of anti-BEPS measures introduced by Canada in the Budget 2021 such as digital services tax, limit on interest deductibility, plans for changing transfer pricing (TP) rules, and plans for mandatory disclosure rules to counter aggressive tax planning.
- US Treasury’s new initiative on Regulatory Process for Reporting the Beneficial Ownership Information.

10. One time hike in Corporate Tax proposed to tax rich: - News Report

As per the news report, a proposal to tax the rich is back on the table with a section of the Prime Minister’s Economic Advisory Council (PMEAC) strongly pushing to impose additional tax for a short period to make up for the revenue loss during the pandemic. As per the report, in a recent internal economic review meeting, many members of the PMEAC had suggested that many countries are using wealth tax to compensate for the revenue. Members in the meeting pointed out that the demand to tax the rich has increased globally especially at a time when the income divide has widened during

the pandemic with a large number of middle-class people pushed into poverty while the ultra-rich are getting richer.

https://www.newindianexpress.com/nation/2021/may/20/fresh-push-for-1-timehike-in-corporate-tax-2304886.html

11. United Nations released third edition of the Practice Manual for the developing countries: - News Report

The latest edition of the UN practise manual for the developing countries includes some useful observations on the nature of intangible assets, their creation, and the key issue of ownership among multinational group affiliates. Its primary intent is to arrive at a common ground of how the arm’s length principle is to be applied to avoid double taxation and resolve transfer pricing (TP) disputes. It has new content, particularly on applicability of profit split methodology, centralised procurement functions, financial transactions and comparability issues.

Some of the key emerging issues covered include comparability adjustments, location savings, intragroup services, intangibles generated through R&D services and marketing intangibles. Largely, the India chapter remains the same with no notable key updates to the second edition. However, it has a new section on ‘Issues related to cost base under Transactional Net Margin Method (TNMM)' and discussed some of the contentious issues related to impact of cost base on the Indian taxpayer vis-a-vis Stock-based compensation, when Third-party consultancy cost and infrastructure cost is borne by the overseas AE, Software and assets received free of cost, Third-party vendor cost incurred by the Indian taxpayer etc.

It is noted that various factors such as function, asset and risk analysis of the Indian taxpayer vis-à-vis its overseas AE and terms of the inter-company agreement between the Indian taxpayer and overseas AE play an important role in deciding inclusion/ exclusion of such cost in the cost base of the Indian taxpayer. Also, it is mentioned that a profit split method may be the most appropriate method if each party to a transaction makes unique and valuable contributions, the parties are highly integrated, or they share significant risks.

https://www.un.org/development/desa/financing/sites/www.un.org.development.desa.financing/files/2021-04/TP_2021_final_web%20%281%29.pdf

12. OECD releases Progress Report on Tax Co-operation for Development in Covid era: - OECD Press release dated 19 May 2021

The report looks back on the past year showing how developing countries have interacted with the OECD on a range of tax policy and administration issues. These include participating in the development and implementation of inclusive international standards; country-level capacity building programmes delivered through a variety of platforms and modalities; guidance and data developed and analysed by world-class experts on tax policy and administration; and through partnerships with international organisations, regional tax organisations and other stakeholders.

The report emphasises that COVID-19 pandemic has had a huge impact on the health of both people and economies, with developing countries hit the hardest. Developing countries already struggle with limited fiscal space – for example, average tax-to-GDP ratios in African countries is 16.5%, as compared to the OECD average of 34.3%, and have less scope for borrowing or quantitative easing. Developing countries tend to rely more heavily on VAT and corporate income tax, both of which have been negatively affected by the shocks to the economy in 2020.

The report shows how the OECD is working with developing countries to maximise revenue collection and develop targeted and effective tax policy measures, particularly as they adjust to the challenges of the COVID-19 pandemic. The progress report covers the full range of assistance that the OECD provides to developing countries on facilitating in terms of (i) knowledge sharing on tax policy and administration, (ii) prevention of tax avoidance through BEPS inclusive framework, (iii) combat tax avoidance through capacity building activities conducted by the Global Forum on Transparency and Exchange of Information for Tax Purposes, and (iv) effective implementation of international standards on transparency and exchange of information.

https://www.oecd.org/tax/tax-global/oecd-supports-developing-countries-in-the-time-of-covid-19.htm

13. OECD to agree on basing digital tax on profit margin and revenue: - News Report, 22 May 2021

The OECD to agree with a U.S. proposal to set an international rule on which companies are subject to a digital services tax, the intergovernmental organization briefed about 140 countries and regions participating in the negotiation. The OECD discussed a number of calculations under the proposal put forward by the U.S. in April. The tax would affect about 100 global companies that exceed a certain standard based on profit margin and revenues.

https://asia.nikkei.com/Economy/OECD-to-agree-on-basing-digital-tax-on-profit-margin-and-revenue

14. IMF warns of risk of eventual trade war without global tax deal:- News Report

The International Monetary Fund has raised this warning of global trade war if the countries fail to make a consensus-based agreement/deal on the global tax. The problem does not seem to end here as the Covid 19 pandemic is far away from over and has created a major roadblock for these deals. IMF Managing Director Kristalina Georgieva has inferred that a multilateral agreement on taxes is much needed to ensure an appropriate allocation of taxes.

https://www.bloombergquint.com/global-economics/imf-warns-of-risk-of-eventual-trade-war-without-global-tax-deal

B. Cross Border

1. OECD releases report on Inheritance Taxation in OECD countries: - News Report

OECD has recently released a report on 'Inheritance Taxation in OECD Countries' in order to highlight how inheritance, estate, and gift taxation could be used to raise the revenue for the government and eliminate economic inequalities in the OECD countries. The report states that the wealthiest 10% of households own half of all household wealth on average across OECD countries and there are ways to address the same.

It further analyses the impact of various approaches which states that the estate tax is the simplest, yet less equitable and inheritance tax is more equitable, but not easy to administer. Further the report suggests that an appropriate choice of tax instrument would depend on country-specific circumstances, level of wealth inequality, and level of administrative capacity.

On tax avoidance and evasion, the report states that: (i) measures should prevent taxpayers from transferring private wealth in the guise of business assets to benefit from exemptions or preferential tax rules, (ii) tax planning through trusts and similar structures should be examined, and (iii) revising deductions and limiting opportunities for tax free wealth transfers through charitable structures

by countries concerned with distributional impact of preferential tax treatment granted to charitable giving.

https://read.oecd-ilibrary.org/taxation/inheritance-taxation-in-oecd-countries_e2879a7d-en#page13

2. **US Treasury proposes floor rate for Global corporate minimum tax at 15%:- Press Release by US Department of Treasury**

The US Treasury Department said the last Thursday that it supports a global minimum corporate tax rate of at least 15% below the 21% it has been seeking to impose on the foreign profits of US-based companies. The statement issued by the Department is as under in verbatim:

"Treasury expressed its belief that the international tax architecture must be stabilized, that the global playing field must be fair, and that we must create an environment in which countries work together to maintain our tax bases and ensure the global tax system is equitable and equipped to meet the needs of for the 21st century global economy. It is imperative to work multilaterally to end the pressures of corporate tax competition and corporate tax base erosion. Treasury reiterated that with the global corporate minimum tax functionally set at zero today, there has been a race to the bottom on corporate taxes, undermining the United States' and other countries' ability to raise the revenue needed to make critical investments. Treasury made clear that a global corporate minimum tax rate would ensure the global economy thrives based on a more level playing field in the taxation of multinational corporations, and would spur innovation, growth, and prosperity while improving fairness for middle class and working people.

Treasury proposed to the Steering Group that the global minimum tax rate should be at least 15%. Treasury underscored that 15% is a floor and that discussions should continue to be ambitious and push that rate higher.

Treasury was heartened by the positive reception to its proposals and the unprecedented progress being made towards establishing a global corporate minimum tax."

https://home.treasury.gov/news/press-releases/jy0189

3. European commission has recently released Communication focusing on creating a fair and transparent taxation system: - EU Press Release dated 18 May 2021

Commission has emphasised the need for a "robust, efficient and fair tax framework that meets public financing needs, while also supporting the recovery and the green and digital transition by creating an environment conducive to fair, sustainable and job rich growth and investment." Further, it emphasises as under: -

i. Fair and sustainable growth;

ii. Effective taxation for achieving the vision of fairness, efficiency and simplicity in Tax Policy;

iii. Commenting on OECD Inclusive Framework's work on a global consensus-based solution to reform the international corporate tax framework

Furthermore, for improving the current system and ensuring fair and effective taxation by states, it will put forward a new proposal for the annual publication of the effective corporate tax rate of certain large companies with operations in the EU.

4. European (EU) Commission introduced rules to address distortions in the European market caused by subsidies: - Press Release dated 5 May 2021.

The European Commission introduced regulations that would be intended to address distortions in the European market caused by subsidies from non-EU countries that create unfair competitive advantages in acquisitions and procurements within the EU. The regulations aim at closing the regulatory gap in the single market, whereby subsidies granted by non-EU governments currently go largely unchecked while subsidies granted by Member States are subject to close scrutiny.

As per the press release, the EU rules on competition, public procurement and trade defence instruments play an important role in ensuring fair conditions for companies operating in the Single Market. But none of these tools applies to foreign subsidies which provide their recipients with an unfair advantage when acquiring EU companies, participating in public procurements in the EU or engaging in other commercial activities in the EU. Such foreign subsidies can take different forms, such as zero-interest loans and other below-cost financing, unlimited State guarantees, zero-tax agreements or direct financial grants.

The new tool is designed to effectively tackle foreign subsidies that cause distortions and harm the level playing field in the Single Market in any market situation. The Regulation proposes the introduction of three tools, two notification-based and a general market investigation tool.

Under the proposed Regulation, the Commission will have the power to investigate financial contributions granted by public authorities of a non-EU country which benefit companies engaging in an economic activity in the EU and redress their distortive effects, as relevant. With respect to the **redressive measures and commitments**, the proposed Regulation includes a range of structural or behavioural remedies, such as the divestment of certain assets or the prohibition of a certain market behaviour. In case of notified transactions, the Commission will also have the power to prohibit the subsidised acquisition or the award of the public procurement contract to the subsidised bidder.

The European Parliament and the Member States will now discuss the Commission's proposal in the context of the ordinary legislative procedure with a view to adopt a final text of the Regulation.

https://ec.europa.eu/commission/presscorner/detail/en/ip_21_1982

5. Australia issues 2021-22 Federal Budget: - News Report dated 11 May 2021

Recently, Australian Government released its Federal Budget 2021. The overall budget tax measures are for supporting households, driving business investments, and creating jobs. In the budget, Australian Government proposes to replace the individual tax residency rules with a new framework that is easy to understand, provides certainty and reduces compliance costs for globally mobile individuals and their employers.

Primary test under the new framework will be a simple 'bright line' test where a person who is physically present in Australia for 183 days or more in any income year will be an Australian tax resident and Individuals who do not meet the primary test will be subject to secondary tests that depend on a combination of physical presence and measurable, objective criteria.

Some of the other noteworthy tax measures in the budget include:

- Extension of temporary full expensing and temporary loss carry back measures until 30 June 2023;
- Introduction of Patent box regime wherein from 1 July 2022, the patent box will tax income derived from Australian medical and biotech patents at a 17 per cent effective concessional
  corporate tax rate. Normally corporate income is taxed @%30% or 25% for small and medium companies;
- The Government is introducing the Digital Games Tax Offset (DGTO) to promote the growth of the digital games development industry in Australia. From 1 July 2022, the DGTO will provide eligible game developers with a 30 per cent refundable tax offset for qualifying Australian games expenditure. The DGTO will be available in the year when the qualifying expenditure has ceased on a game. The maximum DGTO a developer will be able to claim in each year is $20 million. Eligibility criteria will require that the game must not have gambling elements and that a minimum of $500,000 qualifying expenditure has been spent on the game;
- Tax relief for brewers and distillers: The Government is increasing the excise refund cap for distillers and brewers to support jobs and further grow Australia's alcohol manufacturing sector. From 1 July 2021, all eligible brewers and distillers will receive full remission (up from 60 per cent) of any excise they pay on the alcohol they produce up to a cap of $350,000 each financial year (increased from $100,000).
- Australian Taxation Office (ATO) Early Engagement Service, or "concierge" to support businesses wishing to invest in Australia;
- Retaining the Low- and Middle-Income Tax Offset for the 2021-22 income year;
- Employee share scheme reforms;
- Removal of exclusion of the first $250 of deductions for prescribed courses of education. This will simplify the tax return process and reduce compliance costs for individuals claiming self-education expense deductions;
- The Government will allow taxpayers to self-assess the effective life of certain depreciating intangible assets for tax purposes, rather than being required to use the effective life currently prescribed by statute. This will apply to patents, registered designs, copyrights, in-house software, licenses and telecommunications site access rights. Taxpayers will be able to bring deductions forward if they self-assess the assets as having a shorter effective life than the current statutory life.

This change will reduce the cost of investment for business, and align the tax treatment of these intangible assets with the treatment of tangible assets;

- Other business measures including intangible asset depreciation rates, removal of AU$450 super guarantee threshold.

6. The Japan make modification in the corporate, income, inheritance tax reforms: - News Report

Recently, Japanese Government made some changes in Japan's corporate tax, income tax, and inheritance tax and added new laws aimed at removing difficulties for Japanese asset management companies to appoint foreign fund managers. Some of the Key changes are as below: -

- Under the new tax law, performance-based compensation paid by an asset management company to executives is now deductible from the corporate tax under certain conditions. Under prior law, performance-based compensation paid to executives by non-listed companies are was not deductible.

- With respect to inheritance tax, if a non-Japanese fund manager resided in Japan for more than 10 years a heavy inheritance tax of up to 55% was imposed not only on the manager's domestic assets but also on foreign assets even if the heir resided outside the country. Under the new rules, certain foreign nationals who reside in Japan for work purposes will not be subject to inheritance tax on their foreign assets, regardless of the length of stay in Japan.

With respect to the Income tax for fund managers, the Japanese Financial Services Agency and the National Tax Agency issued guidance to clarify the tax-friendly treatment of so-called "carried interest" (a common form of compensation for fund managers based on a share of profits.

https://mnetax.com/japan-enacts-corporate-income-inheritance-tax-reforms-44325

7. EU to launch new federalisation bid as Brussels unveils huge one-size-fits-all tax plan: - News Report

As per the news report, European Commission may create a unified company tax system throughout the bloc. As per the news report, currently there are 27 completely different tax methods which the EU

Commission argues leads to billions of euros being averted in tax loopholes. The EU Commission explained that the new tax system is necessary as there are two drivers for it i.e. one is the post-pandemic situation and second is the need to have strong public resources.

https://www.express.co.uk/news/world/1438209/EU-news-news-European-Commission-BEFIT-corporation-tax-plan-economy-G20-latest-vn

8. US Groups urge Digital-Tax End: - News Report

As per the news reports, groups representing the biggest US based companies called on the US to negotiate for the removal of digital-service taxes charged by nations with at least one endorsing retaliatory tariff. The hearing is the first in a series planned for this week as USTR considers whether to hit the nations with retaliatory tariffs under section 301 of the Trade Act of 1974 that could total almost $1 billion annually.

https://www.bloombergquint.com/global-economics/amazon-facebook-lobby-groups-urge-digital-tax-end-oecd-deal

9. Global Tax Deal could be reached in weeks, said France and Germany: - News Report

Germany and France said discussions on a global agreement on corporate tax rates are active and a deal could be reached within weeks. French Finance Minister Bruno Le Maire indicated support for a U.S. proposal to set the minimum rate at 15%, calling it an “interesting and solid basis” for discussion.

The Group of Seven nations is closing in on an agreement that could include both a minimum corporate tax rate and encompass tech companies. If the group of seven Nations finance ministers meeting can find enough common ground, it could provide a foundation for a global deal.

https://www.bloomberg.com/news/articles/2021-05-26/germany-france-say-global-tax-deal-could-be-reached-in-weeks

10. South Korea offers big tax breaks, loans to support local chip industry: - News Report

As per the news reports, recently South Korea announced bigger tax breaks plus 1 trillion won ($883 million) in loans for the local chip industry as it navigates a challenging operating environment amid a global chip shortage. As per the news reports, many countries have also been working to bolster chip supply chains as the chip shortage affects production in industries such as auto.

South Korea will increase tax breaks to 6% from the current 3% or lower for capital expenditures between the second half of 2021 to 2024 for large corporations conducting "key strategic technology" including semiconductors, the Ministry of Trade, Industry and Energy said in a statement.

https://telecom.economictimes.indiatimes.com/news/s-korea-announces-bigger-tax-breaks-loans-to-bolster-local-chip-industry/82601188

C. INDIRECT TAXATION

1. Recommendations of 43rd meeting of GST Council: - PIB Release ID: 1722578 dated 28 May 2021

The 43rd GST Council met on 28 May 2021, and has made the following recommendations relating to changes in GST rates on supply of goods and services and changes related to GST law and procedure:

Covid-19 Relief

- Specified COVID-19 related goods such as medical oxygen, oxygen concentrators and other oxygen storage and transportation equipment, certain diagnostic markers test kits and COVID-19 vaccines, etc., have been recommended for full exemption from IGST, even if imported on payment basis, for donating to the government or on recommendation of state authority to any relief agency up to 31.08.2021. Currently, IGST exemption was applicable only when these goods were imported "free of cost" for free distribution.
- For small taxpayers (aggregate turnover up to Rs. 5 crore)
    - NIL rate of interest for first 15 days from the due date of furnishing the return in FORM GSTR-3B for March, April, May and reduced rate of 9% thereafter for further 45 days, 30 days and 15 days for March 2021, April 2021 and May 2021 respectively.
    - Waiver of late fee for delay in furnishing return in FORM GSTR-3B for the tax periods March/ quarter ending March 2021, April 2021 and May 2021 for 60 days, 45 days and 30 days respectively, from the due date of furnishing FORM GSTR-3B.

- For large taxpayers (aggregate turnover more than Rs. 5 crore)
  - A lower rate of interest at 9% for first 15 days after the due date of filing return in FORM GSTR-3B for the tax period May 2021.
  - 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.

<u>Other rate changes in goods</u>

- The GST rate on Diethylcarbamazine (DEC) tablets has been recommended for reduction to 5% (from 12%).
- IGST to be levied on repair value of goods re-imported after repairs
- GST rate of 12% to apply on parts of sprinklers/ drip irrigation systems falling under tariff heading 8424 (nozzle/laterals) even if these goods are sold separately.

<u>Services</u>

- To clarify that services supplied to an educational institution including anganwadi (which provide pre-school education also), by way of serving of food including mid- day meals under any midday meals scheme, sponsored by Government is exempt from levy of GST irrespective of funding of such supplies from government grants or corporate donations
- Changes in notification to clarify that the developer promotor shall be allowed to pay GST relating to apartments that are subsequently sold by the land promotor any time before or at the time of issuance of completion certificate.
- GST on MRO services in respect of ships/vessels shall be reduced to 5% (from 18%) and place of supply of B2B supply of MRO Services in respect of ships / vessels would be location of recipient of service
- To clarify that supply of service by way of milling of wheat / paddy into flour / rice to Government / local authority etc. for distribution of such flour or rice under PDS is exempt from GST if the value of goods in such composite supply does not exceed 25%. Otherwise, such services would

attract GST at the rate of 5% if supplied to any person registered in GST, including a person registered for payment of TDS.

- To clarify that GST is payable on annuity payments received as deferred payment for construction of road.

Trade facilitation measures

- Late fee capped to a maximum of INR 500 per return for taxpayers, who did not have any tax liability and INR 1000 per return for other taxpayers for GSTR-3B returns for the period July 2017 to April 2021 if the said returns are furnished between 01 June 2021 to 31 August 2021
- For prospective tax periods, late fee for delay in furnishing of FORM GSTR-3B and FORM GSTR-1 to be capped, per return, as below
    - For taxpayers having NIL tax liability in GSTR-3B or NIL outward supplies in GSTR-1, the late fee to be capped at INR 500
    - For other taxpayers late fee to be capped to a maximum of INR 2000, INR 5,000 and INR 10,000 is annual aggregate turnover in preceding year is less than INR 1.5 crore, between INR 1.5 crore to INR 5 crore, more than INR 5 crore respectively

Annual returns

- GSTR-9 to be optional for taxpayers having aggregate annual turnover up to INR 2 Crore and GSTR-9C will be required to be filed by taxpayers with annual aggregate turnover above INR 5 Crore. Self-certification of GSTR-9C by taxpayers w.e.f. FY 2020-21.

2. CBIC amended Rules relating to refund, registration and e-way bill under GST :- Notification No. 15/2021 – Central Tax, dated 18 May 2021

The key changes are as under (effective from the date of the Notification):

- A new rule has been inserted to enable the registered person to withdraw the refund application (Form GST RFD-01W) at any time prior to the issue of provisional/ final refund sanction order or payment order or refund withhold order or show cause notice.

- In respect of fresh refund applications post removal of deficiencies, a proviso has been inserted in Rule 90(3) of the CGST Rules to provide that the period from date of filing of original refund claim till the date of communication of deficiencies (Form GST RFD-03) shall be excluded while calculating the 2 years' time limit.
- Rule 138E has been amended to confine the restriction on any person to furnish information in Part A of Form GST EWB-01 only in respect of outward movement of goods of a registered person.

- Additional or Joint Commissioner or Commissioner are now empowered to extend the time limit for submitting application for revocation of cancellation of registration beyond the stipulated period. The said changes have been made in Rule 23 and Form GST REG-21 of the CGST Rules to align with the amendment in section 30 of the CGST Act, 2017, providing for extension of time limit of 30 days by the Additional Commissioner or the Joint Commissioner and an additional 30 days by the Commissioner, as the case may be. The CBIC has also issued a Circular No. 148/04/2021-GST dated 18 May 2021 containing Standard Operating Procedures/ guidelines for implementing this provision, until the time the functionality is developed on the GSTN common portal.

D. REGULATORY

1. MCA Clarification on offsetting the excess Corporate Social Responsibility (CSR) spent for financial year 2019-2020:- Circular no. CSR-01/4/2021-CSR-MCA, dated 20 May 2021

Earlier in March 2020 an appeal was made to the MDs/CEOs of top 1000 companies in terms of market capitalization, to contribute generously to "Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund" (PM CARES Fund). In the appeal, it was mentioned that any amount spent over and above the minimum prescribed CSR amount for FY 2019-20 can be later offset against the CSR obligation arising in subsequent financial years.

In this regard, the MCA vide its circular dated 20 May 2021 clarified that where a company has contributed any amount to 'PM CARES Fund' on 31 March 2020 which is over and above the minimum amount as prescribed under section 135(5) of the Companies Act, 2013 for FY 2019-20, then such excess amount or part can be set off against the requirement to spend for FY 2020-21 and the same shall not be viewed as a violation subject to the below conditions that:

- The amount offset as such shall have factored the unspent CSR amount for previous financial years if any;
- The Chief Financial Officer shall certify that the contribution to "PM CARES Fund" was indeed made on 31 March 2020 in pursuance of the appeal and the same shall also be so certified by the statutory auditor of the company; and
- The details of such contribution shall be disclosed separately in the Annual Report on CSR as well as in the Board's Report for FY 2020-21 in terms of section 134(3)(o) of the Act.

2. Ministry of Corporate Affairs (MCA) provides relaxation in levy of additional fees in filing certain forms under Companies Act and LLP act:- General Circular No. 06/2021 dated 3 May 2021

MCA vide its circular dated 03 May 2020 provided relaxation in levy of the additional fees till 31 July 2021 in filing of various forms for Companies and LLP falling due between 01 April 2021 to 31 May 2021. However, the above relaxation is not applicable for filing of the forms like CHG-1, CHG 4 and CHG 9 forms.

3. Ministry of Corporate Affairs (MCA) clarification on the spending of CSR funds for countering COVID-19:- General Circular No. 09/2021 dated 5th May 2021

Recently, MCA vide its circular dated 05 May 2021 clarified that spending of CSR funds on the following activities are eligible CSR activities under item nos. (i) and (xii) of Schedule VII of the Companies Act 2013 relating to promotion of health care, including preventive health care, and, disaster management respectively: -

- Creating health infrastructure for COVID care;
- Establishment of medical oxygen generation and storage plants;
- Manufacturing and supply of Oxygen concentrators, ventilators, cylinders, and other medical equipment for countering COVID-19;
- Other similar activities.

4. Ministry of Corporate Affairs (MCA) provides relaxation in the timeline for board meeting under section 173 of the Companies Act, 2013:- General Circular No. 08/2021 dated 3 May 2021

Under the current provisions of the Companies Act, the requirement of holding board meetings of the companies is within 120 days of the last meeting. However, in the view of the difficulties faced by due to resurgence of Covid-19, MCA vide its circular dated 03 May 2021 relaxed the above gap of 120 days by 60 days till next two quarters i.e., till 30th September. Accordingly, as a onetime relaxation the gap between two consecutive meetings of the Board may extend to 180 days till the next two quarters instead of 120 days as required in the Companies Act 2013.

5. Ministry of Home Affairs (MHA) extends due date for opening designated FCRA account till 30 June 2021:- Public Notice No.11/21022/36(58)/2021-FCRA-III dated 18 May 2021

Last year, MHA amended FCRA Regulations to provide that existing FCRA account holders have to open FCRA Account in the New Delhi Main Branch of the State Bank of India. Earlier, MHA has provided the time till 31 March 2021 to the persons/ NFOs/ Associations who have been granted certificate of registration under FCRA Act to open the said account. Now, considering the exigencies arising out of the Covid-19 situation and to ensure smooth transition by NGOs to the amended FCRA regime, MHA vide its public notice dated 18 May 2021 extended the above due date till 30 June 2021. After this date they shall not be eligible to receive foreign contributions in any account other than the "FCRA Account" opened in the New Delhi Main Branch.

6. Reserve Bank of India (RBI) has instructed to enable interoperability of Pre-Paid Instrument (PPIs):- RBI/2021-22/40 DPSS.CO.PD.No.S-99/02.14.006/2021-22 dated 19 May 2021

RBI in April 2021 announced that PPI interoperability shall be made mandatory, the limit for full-KYC PPIs shall be increased from Rs. 1 lakh to Rs. 2 lakh and cash withdrawal shall be permitted using full-KYC PPIs of non-bank PPI issuers. Recently, RBI on 19 May 2021 notified the following: -

- It shall be mandatory for PPI issuers to give the holders of full-KYC PPIs (KYC-compliant PPIs) interoperability through authorised card networks (for PPIs in the form of cards) and UPI (for PPIs in the form of electronic wallets);

- Interoperability shall be mandatory on the acceptance side as well;
- The interoperability shall be enabled by March 31, 2022;
- PPIs for Mass Transit Systems (PPI-MTS) shall remain exempted from interoperability while Gift PPI issuers have the option to offer interoperability;
- The maximum amount outstanding in respect of full-KYC PPIs (KYC-compliant PPIs) has been increased from Rs. 1 lakh to 2 lakh; and
- The feature of cash withdrawal shall be permitted in respect of full-KYC PPIs issued by non-bank PPI issuers as well subject to certain conditions.

7. Bank accounts to remain operational even if KYC is not updated till 31 December 2021: - Notification Number RBI/2021-22/29 dated 05 May 2021

Keeping in view the current COVID-19 related restrictions in various parts of the country, banks have been directed by the RBI that the accounts where periodic updation of KYC is due, no restrictions on operation of such account shall be imposed. The RBI further directed that the banks not to freeze the bank accounts till 31 December 2021, even if KYC has not been updated, unless warranted under instruction of any regulator/ enforcement agency/ court of law, etc.

8. Sponsor Contribution to an overseas Alternate Investment Fund (AIF) setup in Foreign Jurisdiction shall qualify as Overseas Direct Investment (ODI):- RBI A.P.(DIR Series) Circular No.04 dated 12 May 2021

The Reserve Bank of India vide its circular dated 12 May 2021 amended the Master Direction on Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) abroad. Now, any sponsor contribution from a sponsor India Party (IP) to an AIF set up in an overseas jurisdiction, including International Financial Services Centres (IFSCs) in India, as per the laws of the host jurisdiction will be treated as Overseas Direct Investment (ODI). Further, it will be covered under automatic route provided it complies with the following conditions: -

i. has earned net profit during the preceding three financial years from the financial services activities;
ii. is registered with the regulatory authority in India for conducting the financial services activities;

iii. has obtained approval from the concerned regulatory authorities both in India and abroad, for venturing into such financial sector activity;

iv. has fulfilled the prudential norms relating to capital adequacy as prescribed by the concerned regulatory authority in India.

9. Lending by Small Finance Banks (SFBs) to NBFC- Micro-Finance Institutions (MFIs) are now classified as Priority Sector Lending (PSL):- Guideline No. RBI/2021-22/27 dated 5 May 2021

As per the existing guideline, lending by SFBs to MFIs are not classified under PSL. However, in view of the fresh challenges brought on by the COVID-19 pandemic and to address the emergent liquidity position of smaller MFIs, RBI vide its guidelines dated 05 May 2021 has decided to allow PSL classification to the fresh credit extended by SFBs to registered NBFC-MFIs and other MFIs (Societies, Trusts etc.) provided following must be satisfied: -

- They are members of RBI recognised 'Self-Regulatory Organisation' of the sector
- They have a 'gross loan portfolio' of up to INR 500 crore as on 31 March 2021

The above dispensation shall be valid up to 31 March 2022.

10. Union Cabinet approved Production Linked Incentive scheme "National Programme on Advanced Chemistry Cell Battery Storage": - Press Release dated 12 May 2021

Recently, Union Cabinet approved the proposal of Department of Heavy Industry for implementation of the Production Linked Incentive (PLI) Scheme 'National Programme on Advanced Chemistry Cell (ACC) Battery Storage' for achieving manufacturing capacity of Fifty (50) Giga Watt Hour (GWh) of ACC and 5 GWh of "Niche" ACC. The total outlay for the scheme is Rs.18,100 crore.

Under the scheme, each selected ACC battery Storage manufacturer would have to commit to set-up an ACC manufacturing facility of minimum 5 GWh capacity and ensure a minimum 60% domestic value addition at the Project level within 5 years. Also, the beneficiary firms have to achieve a domestic value addition of at least 25% and incur the mandatory investment Rs.225 crore /GWh within 2 Years (at the Mother Unit Level) and raise it to 60% domestic value addition within 5 Years either at Mother Unit in-case of an Integrated Unit or at the Project Level, in-case of "Hub & Spoke" structure.

Key outcomes/ benefits expected from the scheme are as follows: -

- Setup a cumulative 50 GWh of ACC manufacturing facilities in India.
- Direct investment of around Rs.45,000 crore in ACC Battery storage manufacturing projects
- Facilitate demand creation for battery storage in India.
- Greater emphasis upon domestic value-capture and therefore reduction in import dependence.
- Import substitution of around Rs.20,000 crore every year.
- Promote newer and niche cell technologies.
- Research & Development to achieve higher specific energy density and cycles in ACC.

- Net savings of Indian Rs. 2,00,000 crores to Rs.2,50,000 crore on account of oil import bill reduction

11. E-Commerce entities are required to appoint a Resident Nodal officer or an alternate senior designated functionary to ensure compliance: - Notification No. G.S.R. 328 (E) dated 17 May 2021

Recently, Ministry of Consumer Affairs, Food and Public Distribution vide its notification dated 17 May 2021 notified the requirement of appointment of a Nodal officer or an alternate senior designated functionary who is **resident** in India for an Indian company or a prescribed foreign company, to ensure compliance with the provisions of the Consumer Protection Act read with Consumer Protection (E-Commerce) Rules, 2020.

12. Director General of Foreign Trade introduces new module for online filing of applications for export authorizations of Restricted items: - Trade Notice No 03/2021-22-DGFT dated 10 May 2021

Recently, DGFT has introduced a new online module for filing of electronic, paperless applications for export authorizations with effect from 17 May 2021 and the applicant seeking export authorization for restricted items may apply online by navigating to the DGFT website (https://www.dgft.gov.in) -> Services -> Export Management Systems -> License for Restricted Exports. Further in order to avoid delay in grant of export authorizations for restricted items (Non-SCOMET), export authorizations shall be issued by the export cell DGFT HQ, Udyog Bhawan, New Delhi through a new module with effect from 17 May 2021.

Also, all pending applications will be migrated to this new system and will be processed at DGFT(HQ).

13. DGFT introducing online e- EPCG Committee module for seeking relaxation: - Trade Notice No. 05/2021-22 dated 19 May 2021.

The Directorate General of Foreign Trade, Ministry of Commerce and Industry vide Trade Notice introduced an online e-EPCG committee module on its website https://dgft.gov.in/. Hence, from now onwards members can file applications online for obtaining exemption in policy / procedure as per Para 2.58 of FTP 2015-20 of Business. No manual submission of applications for the same would be allowed.

The member of the trade can login to the portal, file the specified details in the form and upload the necessary documents and submit the application after paying the requisite fee.

14. DGFT notifies a fees of Rs.200 per Non-Preferential Certificate of Origin:- Public Notice No.05/2015-2020 dated 27 May 2021

DGFT vide its public notice dated 27 May 2021 revised para 2.108(c)(iv) of the FTP 2015-20 and notified a fee of Rs.200 per Non-Preferential Certificate of Origin. A Non-Preferential Certificate of Origin states that the goods being exported/imported are not given any preferential tariff treatment and the due duties must be levied upon the goods that are being moved.

15. DGFT creates online facility to mandatorily record information about any transfer of DFIA Scrips:- Trade Notice No. 06/2021-22, dated 25 May 2021

The Directorate General of Foreign Trade (DGFT) on May 25, 2021 has issued a trade notice for the mandatory recording of the information about the transfer of DFIA (duty free import authorization) scrips and paperless issuance of DFIA scrips. In order to enable electronic, paperless transactions and facilitate trade, it is submitted that the recording of transferability of DFIA is being made online. In this regard, a facility has been created on DGFT website to record the information about transfer of DFIA scrips. The recording of given information would allow the transferee to apply for ARO/Invalidation against the said DFIA Scrip online.

Further, the issuance of paper copies of DFIA scrips (for EDI Ports) will be discontinued with effect from June 7 whereas Security Paper copies of DFIA Scrips shall continue to be issued for Non-EDI

Ports. Any transfer of DFIA Scrips issued on or after this date shall be mandatorily recorded in the online system. The record of such transfers shall be mandatory for EDI ports as well as non-EDI Ports.

16. Extension of validity of Registration Cum Membership Certificate beyond 31 March 2021: - Trade Notice 04/2021-2022 dated 10th May 2021

In view of the current situation of Covid-19 pandemic, DGFT vide its public notice dated 10 May 2021 decided that Regional Authorities (RAs) of DGFT will not insist on valid RCMC in cases where the same has expired on or before 31 March 2021 from the applicants for any incentive/authorizations till 30 September 2021. Also, EPCs are directed to collect the fees for FY 2021-22 on the restoration of normalcy.

17. Department of Commerce (SEZ Division) allows work from home permission to the SEZ units: - Instruction No. K.43013(12)/1/2021-SEZ dated 06 May 2021

Recently, SEZ division of the department of commerce vide its instruction dated 06 May 2021 directed Development Commissioners of the SEZ units to consider the requests from the industry and approve the extension of WFH Facility in a liberal manner till such time when National Disaster Management Authority or State Government continues to issue orders governing this pandemic management.

18. Department of Commerce (SEZ Division) provides relaxations in pending compliances, expiry of validity of LOAs, approvals or permissions in the current lockdown in view of COVID-19:- Instruction No. K-43022/7/2020-SEZ dated 07 May 2021

In the view of the prevailing situation of the COVID-19 pandemic and partial lock-down imposed by the State Governments, the ministry vide its instruction dated 07 May 2021 has proposed to provide the suitable relaxations on compliances to be met by units / developers / co-developers of SEZs. Such compliances will include: -

- Filing of the Quarterly Progress Report (QPR)
- Filing of the Softex forms to be filed by IT/ITES units.
- Filing of Annual Performance Reports (APR) by SEZ units.
- Extension of Letter of Approvals (LoA) which may expire in the cases of:

i. Developers/co-developers who are in the process of developing and operationalising the SEZ

ii. units which are likely to complete their 5-year block for NFE assessment.

iii. units which are yet to commence operations.

Accordingly, following relaxation have been provided: -

- No punitive action will be taken to ensure no hardship is caused to Developers / Co-Developer / Units where any compliance is not met during this period impacted by the above disruption.
- All extensions, compliances will be facilitated by the electronic mode in the time bound manner.
- Where electronic extension is not possible and physical hearing is required then ad-hoc interim extension / deferment of the expiry may be granted without prejudice till 30 June 2021 or further instructions of the Department on the matter, whichever is earlier.

19. Employees' State Insurance Corporation (ESIC) extends date for payment of ESI contribution for the month of April, 2021:- Press Release dated 12 May 2021

Recently, ESIC has provided relaxation due to pandemic by extending the due date for filing and payment of ESI contribution for the month of April, 2021 up to 15 June 2021 instead of 15 May 2021.

20. Draft rules u/s 14 of Industrial Relations Code, 2020 have been notified: - Notification dated 04 May 2021

Recently, the Central Government vide its notification dated 04 May 2021 prescribed the draft rules for constitution of Negotiating Union as prescribed under section 14 of the Industrial Relations Code, 2020 for the objections and suggestions. The draft rules prescribe the following: -

- Various matters have been stated which can be negotiated by the trade union with the employer.
- Criteria for recognizing a single trade union is given where a trade Union operating in an industrial establishment having its members not less than thirty percent of the total workers then it will be treated as sole negotiating trade union.
- Manner of verification of membership of trade unions has been prescribed.
- Other method of verification of membership of trade union through postal ballot.

- A verification report of membership to be submitted to the employer.
- Various facilities are given which an industrial establishment has to provide to negotiating trade union
- Manner of making application for adjudication of dispute before Tribunal is provided.

21. PFRDA issues the Pension Fund Regulatory and Development Authority (Pension Fund) (Fifth Amendment) Regulations, 2021: - Notification No. PFRDA/12/RGL/139/9 dated 25 May 2021

PFRDA vide its notification dated 25 May 2021 amended the clause (d) of sub-regulation (1) of regulation 8 to provide that the sponsors individually or jointly shall have a positive tangible net worth of at least Rs. 50 Crores on the last day of each of the preceding five financial years and at least Rs. 25 crores should be the paid-up equity capital on the date of making application as sponsor

22. Ministry of Finance had issued draft rules to amend Indian Insurance Companies (Foreign Investment) Rules, 2015: - Notification dated 13 April 2021

The Ministry of Finance vide its notification dated 13 April 2021 have made changes to the FDI norms pertaining to the insurance sector. As per the said notification, proposal has been made to increase the foreign direct investment limit in the insurance sector to 74% from the existing 49%. Such a change would help local private insurers grow fast and expand their presence across India, which has one of the lowest insurance penetration levels globally.

Further, Insurance companies with more than 49% Foreign Direct Investment shall also comply with:

- Minimum 50% independent directors on the board, except where the chairperson is an independent director (in such case, one-third of directors to be independent);
- Retention of net profits for dividend declaration, where prescribed solvency margins are not met for a financial year.

23. ICAI releases exposure draft of revised AS-12 for public comments:- ICAI Announcement dated 12 May 2021

Recently, the Accounting Standards Board (ASB) of ICAI released the Exposure Draft of revised AS 12, Income Taxes and the same has been issued for public comments. The exposure draft can be accessed at the below link: -

https://resource.cdn.icai.org/64776asb51975.pdf

24. Cabinet Approves Memorandum of Understanding (MoU) between Institute of Chartered Accountants of India and Qatar Financial Centre Authority:- Press Release dated 12 May 2021

Recently, the Union Cabinet has approved the MoU between Institute of Chartered Accountants of India (ICAI) and Qatar Financial Centre Authority (QFCA). The MoU would enhance cooperation between the Institutes to work together to strengthen the accounting profession and entrepreneurship base in Qatar. The signing of this MoU would provide an additional impetus to prospects of the ICAI Members in the entire Middle Eastern Region to have better recognition, together with working to support Indian

businesses desirous of doing business in Qatar and thus supporting the growth of Qatar and India's economies.

25. SEBI provides relaxation to compliances of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) due to COVID-19 second wave:- Circular no. SEBI/HO/DDHS/DDHS_Div3/P/CIR/2021/563, dated 14 May 2021

SEBI vide its circular dated 14 May 2021 extended the due date for regulatory filings and compliances for InvITs and REITs for the period ending 31 March 2021 by one month over and above the timelines prescribed under the respective regulations.

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Contact Us: -

Rahul Garg

Partner

Corporate Tax & Regulatory

garg.rahul@asire.in

+91 9891091307

AnujKakkar

Partner

Indirect Tax & EXIM

kakkar.anuj@asire.in

+91 9820315318

Office Addresses: -

Indian Offices

Gurgaon

529, Fifth Floor, Tower
B-4, Spaze i-Tech Park,
Sector-49 Sohna Road,
Gurgaon 122018,
Haryana

Delhi

R-89, Greater Kailash-1
New Delhi-110048

Bangalore

FF1, Nasco Olives
Nagayanapalya
Maruthi Sevenagar-560033

CREATING IMPACT TOGETHER

<u>Overseas Offices:</u>

United Kingdom

The Minister Building

21 Mincing Lane, London

EC3R 7AG