

# NEWSLETTER

October 2020

Bhatia & Bhatia  
Chartered Accountants



## Covered in this edition:

- Faceless appeal scheme notified
- Tiger Global moves Delhi HC challenging AAR decision on Flipkart exit
- Vodafone wins \$2 billion tax arbitration case against government
- Due date for filing GSTR9/GSTR 9C extended
- Offline tool released to compare ITC auto-drafted in Form GSTR 2B with purchase register
- Amendment in FCRA
- FDI under automatic route in defence sector increased to 74%
- SEBI eases rules for delisting
- MCA extends deadlines for various schemes and compliances to December end

Dear Readers,

At the outset we hope and pray that you and your loved ones are keeping safe.

It is always prudent to keep an eye on evolving opportunities in the market but that requirement has never been more urgent. However, prudence requires not falling prey to emotional biases of Fear of Missing Out seeing what your neighbour is doing and falling for unsustainable trends.

Do remember that economic recovery depends on all of us doing our part and supporting each other while staying safe and protected.

Best Wishes

Bhatia and Bhatia  
Chartered Accountants

## Key Dates:

- Deposit of Tax deducted/collected for September is 7<sup>th</sup> October
- GSTR-1(Turnover more than 1.5 crore) for September month is 11<sup>th</sup> October
- Date of GSTR-3B for September month is 20<sup>th</sup> October
- Filing of Form 3CEAB by 31<sup>st</sup> October 2020
- Audit Report u/s 44AB for AY 2020-21 by 31<sup>st</sup> October 2020
- Filing of Form 3CEB by 31<sup>st</sup> October 2020
- GSTR-9 and GSTR-9C for the FY 2018-19 is 31<sup>st</sup> October



# Message from Key Management



CA Ashok Kumar Bhatia

“Teamwork is the ability to work together toward a common vision, the ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results”.



CA Neeru Singh

“Leadership is not so much about techniques and methods as it is about opening the heart. Leadership is about inspiration of oneself and of others. Great leadership is about human experience, not processes. Leadership is not a formula or a program, it is human activity that comes from heart & considers the heart of others. It is an attitude, not a routine.”



# Income Tax

**LATEST NEWS  
AND UPDATES**



## **Application of Section 206C(1H)**

With effect from 01-10-2020, the Finance Act, 2020 inserted Sub-Section (1H) in Section 206C. This provision requires a seller to collect tax at source at the rate of 0.1% from the amount received as consideration for the sale of goods if it exceeds Rs. 50 lakhs in any previous year.

The Section is applicable only in case of seller whose total sales, gross receipt or turnover from the business carried on by him exceeds Rs. 10 crores during the financial year immediately preceding financial year in which sale is carried out.

TCS is required to be collected only on collection exceeding Rs. 50 lakh. In other words, TCS on first Rs.50 lakh is not required to be collected.

Rate has been reduced to 0.075% for the period 1st October 2020 to 31st March 2021.

## **CBDT extends time limit for compulsory selection of returns for complete scrutiny**

Considering the difficulties faced due to COVID-19 pandemic and PAN migration related issues, the CBDT has extended the date for selection of cases for compulsory scrutiny on the basis of the parameters prescribed in the CBDT Circular No. 225/126/2020/ITA-II, dated September 17, 2020, from September 30, 2020 to October 31, 2020.

## **CBDT notifies Faceless Appeal Scheme, 2020**

The Prime Minister of India, Shri Narendra Modi, while launching platform for 'Transparent Taxation – Honoring the Honest' had said that faceless appeal under the Income-tax Act will be available across the country from September 25, 2020.

Now, the Central Board of Direct Taxes (CBDT) has notified the Faceless Appeal Scheme, 2020 effective from September 25, 2020 via detailed notification S. No. 3296(E) [NO. 76/2020/F.NO.370142/33/2020-TPL].

Under Faceless Appeals, all Income-tax appeals will be finalized in a faceless manner under the faceless ecosystem with the exception of appeals relating to serious frauds, major tax evasion, sensitive & search matters, International tax and Black Money Act. Necessary Gazette notification has also been issued by the authorities.

## **CBDT further extends due date for filing of ITR for Assessment year 2019-20**

Considering the difficulties being faced by taxpayers due to the Covid-19 pandemic, the CBDT has further extended the due date for filing of revised and belated Income tax return for Assessment year 2019-20 from September 30, 2020 to November 30, 2020 through the circular dated September 30, 2020.

# Case Laws:

## **Depreciation on Floor Space Index (FSI) V. Hotels Ltd. (IT Appeal (IT) No. 1734 of 2017)**

The taxpayer is engaged in hotelier business and had claimed depreciation on Floor Space Index (FSI). The Assessing Officer (“AO”) rejected the said claim of the taxpayer.

After various levels of authorities appeal was filled before Bombay High Court.

### **Findings of High Court**

AO had ruled that under the provisions of Income-tax Act, the taxpayer can claim depreciation only on the assets used in its business. By virtue of its nature, FSI in the very first instance is not a business asset. FSI will get converted into asset as and when additional floors or additional building is constructed. Therefore, the payment for FSI can only be included in the value of the building block as and when the same is utilized.

High court ruled that additional FSI cannot be said to be a business or commercial right falling within realm and scope of intangible asset within meaning of section 32(1)(ii), hence payment for additional FSI would be eligible for depreciation at rate applicable to building i.e., 10 per cent and not 25 per cent as applicable to an intangible right under section 32(1)(ii).



## **Issuance of notice on income escaping assessment Asian Satellite Broadcast (P.) Ltd. [2020] 119 taxmann.com 481 (Bombay)**

In assessment year 2012-2013, petitioner had transferred 4,20,090 equity shares of ZEE Entertainment Enterprises Limited (“ZEE”) to an associated entity called M/s. Essel Business Processes Limited (“Essel”) as gift i.e., without consideration.

Income Tax officer issued notice under section 148 of the Act to the petitioner on March 22, 2019 stating that he had reasons to believe that petitioner's income chargeable to tax for the assessment year 2012-13 had escaped assessment within the meaning of section 147 of the Act. He, therefore, proposed to re-assess the income of the petitioner for the said assessment year.

### **Findings of the Bombay High Court**

Where the taxpayer during assessment submitted that it had transferred equity shares of ZEE to its related entity at nil consideration to consolidate onshore media assets including shares of listed companies and requested to treat said transfer as gift not liable to tax under section 45 and Assessing Officer passed assessment order accepting said claim but after more than four years, section 148 notice was issued to assessee on basis of CIT(A)'s decision in case of group entity that said transfer was nothing but colorable device, since communication between assessee and Assessing Officer clearly demonstrate that assessee had disclosed all primary facts regarding said transfer during assessment, it was a clear case of change of opinion and, thus, section 148 notice would no longer survive.



### **CIT revisionary powers u/s 263**

#### **Aztec Software Technology Ltd. (IT Appeal No. 348 of 2013)**

That the assessee is engaged in the business of software development services and exports. The taxpayer had claimed deduction under section 10A of the Act without excluding the expenditure incurred in the foreign currency from export turnover.

The case was selected for scrutiny and Assessing Officer without noticing the fact that assessee claimed deduction under section 10A of the Act without excluding the expenditure incurred in foreign currency from export turnover granted the deduction as claimed by the assessee. The Commissioner of Income-tax (Appeals) on examination of the records in exercise of powers under section 263 of the Act noticed that assessee has claimed deduction under section 10A of the Act without producing the expenses incurred in foreign currency as required under Explanation 2 to Section 10A of the Act and found that the order passed by the Assessing Officer is erroneous and prejudicial to the interest of revenue. Therefore, CIT(A) issued a notice to the assessee and after hearing the assessee, by an order dated January 31, 2011 modified the order of assessment by excluding the expenditure incurred in foreign currency from export turnover for computing deduction under section 10A of the Act.

#### **Findings of High Court**

On appeal to HC, it observed that twin conditions are required to be satisfied for exercise of revisional jurisdiction under section 263 of the Act firstly, the order of the Assessing Officer is erroneous and secondly, that it is prejudicial to the interest of the revenue on account of error in the order of assessment.

It observed that in view of well settled legal position, invocation of powers in the fact situation of the case under section 263 of the Act could not have been held to be justified. The Tribunal has therefore, rightly set aside the order passed by the Commissioner of Income-tax (Appeals).

### **Celebrity Fashion Ltd. (Appeal No. 26 of 2018)**

Assessing officer observed that the assessee had invested in SBI Cash Fund to the tune of Rs. 7.25 Crores and secured loans, as on March 31, 2011. The Assessing Officer also found that the assessee incurred finance cost, out of which, a sum of Rs. 12,93,10,000 was towards interest on term loan and working capital facilities that the assessee company made investments in mutual funds, out of which, there was a possibility of earning dividend income. Accordingly, a notice was issued to show cause as to why the disallowance should not be made under section 14A of the Act.

In this regard assessee sent a reply stating that they had not incurred any expenditure for making such investment and that in the absence of any expenditure incurred, the question of disallowance did not arise.

Another issue raised by the AO was disallowance on exchange fluctuation loss, the Assessing Officer found that the debit made in the ledger account was on account of a transaction pertaining to forward contract such as interest charges and bank charges on negotiation and forward contract cancellation charges and therefore proceeded to treat the same as a speculative transaction under section 43(5) of the Act.

The assessee submitted his contention in this regard and was not accepted by the officer. Being aggrieved by the order of AO, assessee filed an appeal with Commissioner of Income Tax (CIT(A)). Based on the assessee representations CIT(A) passed order in favour of the assessee, however, Revenue filed the appeal with the Tribunal.



### **Findings of Madras High Court**

In terms of Section 14A of the Act, the only expenditure, which was proved to be incurred in relation to earning of tax free income, could be disallowed and such provision could not be extended to disallow the expenditure, which was assumed to have been incurred for earning tax free income.

Therefore, to apply the provisions of Section 14A of the Act, the Assessing Officer should have recorded a finding as to how sub section (1) of Section 14A of the Act would stand attracted. In the absence of any such finding, the disallowance made was not justifiable. In fact, the Assessing Officer straightaway proceeded to the second limb of Section 14(2) of the Act, which is impermissible.

In the second issue HC said, Tribunal rightly took note of the earliest decision of the Calcutta High Court on the said point in the case of SoorajmullNagarmull and pointed out that under section 43(5) of the Act, 'speculative transaction' has been defined to mean a transaction, in which, a contract for the purchase or sale of commodity is settled otherwise than by the actual delivery or transfer of such commodity.

However, as stated, the assessee herein was not a dealer in foreign exchange, but was an exporter of cotton. Therefore, the Tribunal rightly took note of the transaction done by the assessee though, in order to hedge against the losses, the assessee booked foreign exchange in the forward market with the bank. However, the export contracts entered into by the assessee for the export of cotton in some cases failed and therefore, the assessee was held to be entitled to claim deduction in respect of the said amount as business loss.



# International Taxation & Transfer pricing



## **Tiger Global moves Delhi HC challenging AAR decision on Flipkart exit**

The applicants based in Mauritius transferred shares of Flipkart Singapore to US retail giant Walmart and approached Indian tax authorities for nil withholding. The tax authorities denied the benefits of Indo-Mauritius tax treaty as the applicants were not independent in their decision making and the control over the decision making of the purchase and sale of the shares did not lie with them. The AAR accepted the Revenue's stand that the entire transaction was designed prima facie for avoidance of tax. After suffering a setback from AAR, Tiger Global has now moved Delhi High Court for relief. The development is noteworthy as most investments in Indian start-ups from venture capital or private equity investors are routed through funds registered in Mauritius.

## **Treats business advance to loss-making JV as capital contribution KEC International Ltd [I.T.A. No.17/Mum/2018]**

The taxpayer had given advances to its associated enterprise as a matter of commercial prudence primarily to protect the business interests of the taxpayer. This was just a fulfilment of the obligation of being a JV partner as any financial incapacitation of JV would adversely affect the continuation of the project and ultimately jeopardize the interest of the taxpayer. Since the advances were purely in the nature of business advances to fulfil the obligations of the taxpayer as a JV partner, the taxpayer has not charged any interest on the said advances.

The Tribunal noted that the advances were more in the nature of capital contribution and by advancing the same, the taxpayer had protected its own business as any financial incapacitation of JV would adversely affect the continuation of the project and ultimately jeopardize the interest of the assessee and held that *the said advances could not be put in the category of loans.*

## **Vodafone wins \$2 billion tax arbitration case against government**

Vodafone moved the Hague-based International Court of Justice (ICJ) in 2016 due to lack of consensus between Indian Government and Vodafone Group. An international arbitration tribunal in The Hague ruled that India's imposition of a tax liability on Vodafone, as well as interest and penalties, were in a breach of an investment treaty agreement between India and the Netherlands. The ruling brings an end to one of the most controversial disputes in India under international treaty agreements that it enters into with countries to protect foreign investments.

## **Payments for testing and certification charges to German and Chinese entities considered as FTS**

**Havells India Ltd. (ITA No. 6072/Del/2010, ITA No. 6073/Del/2010, ITA No. 466/Del/2011)**

The Delhi Tribunal held that in the absence of 'make available' clause in Article 12 of Indo-China tax treaty and Indo-German tax treaty, the payment for testing and certification charges to China based agents and Germany based agents would be taxable as 'Fees For technical services'.

# Indirect Tax



## **Extension of due date for Annual filing**

The due date for filing annual return in Form GSTR 9 and GST audit report in Form GSTR 9C for the financial year 2018-19 has been extended to October 31, 2020.

## **Extension of due date to file GSTR-4 (Composition Taxpayers) [Notification No.64/2020-Central Tax dated August 31, 2020]**

Due date to file GSTR-4 for the financial year 2019-20 has been extended to October 31, 2020.

## **Offline tool released to compare ITC auto-drafted in Form GSTR 2B with purchase register**

The government has provided the facility of offline tool to match input tax credit, as auto-populated in Form GSTR 2B, with purchase register. The tool helps the taxpayer assess how much ITC is available for a month by comparing ITC recorded in their books of accounts with the ITC, as shown in GSTR-2B. Therefore, it helps them declare and, in turn, claim the correct and eligible amount of ITC when filing Form GSTR-3B.

## **Delinking of credit note or debit note**

Requirement of mentioning the original invoice number against a debit note or credit note, while filing Form GSTR-1, has been dispensed with on the GSTN portal.

Also, debit note or credit note raised against multiple invoices may also be reported in GSTR-1 now.

## **Extension in time limit to raise invoice for goods supplied under 'sale on approval' mode**

**[Notification No. 66/2020-CT dated September 21, 2020]**

Where the time limit to raise invoice in respect of goods sent on approval, in terms of S. 31(7) of the CGST Act, 2017, falls during March 20, 2020 to October 30, 2020 and such invoice has not been raised, time limit to raise such invoice shall be extended to October 31, 2020.

## **Capping/waiver of late fee payable in respect of delayed filing of GSTR-4 for the quarters from July 2017 to March 2020**

**[Notification No. 67/2020-CT dated September 21, 2020]**

Late fee in respect of delayed filing of return in Form GSTR-4 for the quarters July 2017 to March 2020 has been waived (where there is no tax liability) or capped at INR 500/- i.e. INR 250/- each for CGST and SGST (in case of tax liability) provided such returns are furnished between the period September 22, 2020 to October 31, 2020.





**Capping of late fee for delayed filing of GSTR-10 (Final return for surrender of GST No.)**

**[Notification No. 68/2020-CT dated September 21, 2020]**

Late fee in respect of delayed filing of return in Form GSTR-10 shall be capped at INR 500/- i.e. INR 250/- each for CGST and SGST provided such return is furnished during the period September 22, 2020 to December 31, 2020.

**Administrative instructions for recovery of interest on net cash liability w.e.f. July 01, 2017**

**CBIC Instruction vide F. No. CBEC-20/01/08/2019-GST dated September 18, 2020**

CBIC has issued notification No. 63/2020-Central tax dated August 25, 2020, where it was notified that the interest on delay payment of GST to be recovered only on net cash liability form September 01, 2020.

Further, CBIC has also clarified by issuing instructions dated September 18, 2020 that, interest on delay payment of GST to be recovered only on net cash liability for the period July 01, 2017 to August 31, 2020 as well.



**Issue of Credit/debit Note**

Credit note/debit note for the supply made during the FY 2019-20 should be issued and accounted for in the GSTR-1/3B for the September 30, 2020.

**Last chance to rectify the mistake made in FY 2019-20**

It should be noted that the return for September 2020 is the last chance to amend or to rectify mistakes done, or things omitted in GSTR-1 or GSTR 3B of the FY 19-20. (like B2B shown as B2C, or wrong GSTIN uploaded, invoices omitted to be uploaded etc.)

Therefore, the taxpayers should reconcile their books of accounts and returns uploaded and adjust their differences in GSTR-1 or GSTR-3B for the September 2020 returns.

Furthermore, the taxpayers may reconcile their Input tax credit as reflected in GSTR 2A with GSTR 3B filed by them and may follow up with their supplier for the invoices not uploaded by them as the same is not auto populated in GSTR 2A. It is further emphasized that taxpayers may not be entitled the ITC, if it is not auto populated in GSTR-2A

Accordingly, taxpayers can claim any missed out ITC or reverse the excess claimed ITC before filing GSTR-3B on or before October 20, 2020.



# Latest Judgements

**Detention of goods and recovery of GST with penalty is not correct when goods were merely stock transferred to additional place of business within the same state [Telangana High Court in case of M/s Same Deutzfahr India Private Limited v. State of Telangana]**

Where it was established that petitioner has additional place of business in the same state and goods were being transported from its corporate office to such additional place of business (within the same State), it cannot be said that petitioner was involved into any illegal activity.

Hence, tax along with penalty cannot be recovered in respect of the goods detained. Department was directed to refund the amount recovered as tax and penalty along with applicable interest to the petitioner.

**SEZ unit, receiving credit distributed by an ISD unit is entitled to claim refund of IGST lying in electronic credit ledger [Gujarat High Court in case of M/s Britannia Industries Limited v. Union of India]**

Rule 89 of the CGST Rules provides for the procedure of refund of tax, interest, penalty and fee. It further prescribes that in respect of supplies to SEZ, the refund claim shall be filed by the supplier. However, the contention of the department that SEZ unit, not being a supplier, is not entitled to claim refund of IGST (distributed by its ISD unit) lying in credit ledger, is not sustainable as the ISD is an office of the supplier which receives tax invoices issued under section 31 towards the receipt of input services and issues a prescribed document for the purposes of distributing credit. Therefore, it is not possible for a supplier to claim refund of input tax credit where such credit has been distributed by ISD. Hence, department is directed to process the refund claim filed by the SEZ unit.



**Time limit of filing of appeal will start only when the order is uploaded on GST Portal [Gujrat High Court in case of Gujarat State Petronet Limited v. Union of India (Gujarat HC)]**

Where the appeal could not be filed within the timelines allowed under the law due to the adjudication order not being uploaded by the appropriate authority on the GST portal, the same should not be rejected on the grounds of being filed belatedly. It was held that even if physical copy of the order was handed over to the petitioner, the time period to file the appeal would start only when the order is uploaded on the portal. Further also, as there is no provision or procedure prescribed to file appeal manually, the order is required to be uploaded online so that appeal can be filed electronically as per the mandate of the CGST Act. Hence, there cannot be construed any failure on the part of the petitioner to file the appeal within the prescribed timelines as the period of limitation shall commence only on the date when the order is uploaded on the GST portal by the Adjudicating authority.

**Opportunity of being heard to be given before issuance of order confirming demand [Gujrat High Court in case of M/s Formative Tex Fab v. State of Gujarat]**

Where taxpayer is failed to respond to the summons issued under section 70 of the CGST Act and it was informed to the Department that the taxpayer has been advised not to travel and stay at home, being aged at 68 years, it was held that one opportunity of being heard should be given to the taxpayer in this case and the order was accordingly set aside.

### **Money can also be seized by the Officer authorized conducting the search under CGST Act [Madhya Pradesh High Court in case of Smt. Kanishka Matta v. Union of India]**

The expression 'confiscation of any document or books or things' used under Section 67(2) of the CGST Act has to be seen as a whole and definition clause are the keys to unlock the intent of the law. At a conjoint reading of provisions contained under sections 2(17), 2(31), 2(75) and 67(2) makes it clear that money would be covered within the expression 'things' and can also be seized by the authorized officer. Hence, petition is dismissed.

### **Availment of credit on capital goods on strength of invoices which were in the name of the transferor company [CESTAT Hyderabad in case of Farmax India Limited v. Commissioner of Customs, Central Excise and Service Tax, Hyderabad-IV]**

Where all assets and liabilities were transferred to the transferee company in the scheme of an amalgamation, the transferee company is entitled to take the credit pertaining to the transferor company. Credit cannot be denied merely on the ground, that the transferee should have approached the authority and obtained the permission for availing the CENVAT, which it did not do. Demand has been set aside and appeal was allowed in Assessee's favour.

### **Eligibility of ITC in respect of GST paid on hiring of motor vehicle for transportation of employees to and from workplace [Maharashtra AAR in case of M/s Tata Motors Limited]**

In the present case Maharashtra AAR held that ITC has been allowed on leasing, renting or hiring of motor vehicles for transportation of persons, having approved seating capacity of more than 13 persons. Services are received by the applicant in the course or furtherance of business and ITC in respect of such services is admissible.

Amounts recovered from employees for these services are not to be considered as a supply as the company is not engaged in providing transportation services, hence no question of GST.

Availment of ITC shall be limited only to the extent of the costs borne by the employers.

## Due Dates:

Return	Period	Due date
GSTR-1 Monthly Taxpayers (Turnover more than INR 1.5 crore)	September 2020	11.10.20
GSTR-1 Quarterly Taxpayers (Turnover upto INR 1.5 crore)	July-September 2020	31.10.20
GSTR-3B	September 2020	20.10.20
GSTR-4 (Compositions taxpayers)	FY 2019-20	31.10.20
GSTR-6 (ISD)	September 2020	13.10.20
CMP-08	July-September 2020	18.10.20
GSTR-9 (Annual return)	FY 2018-19	31.10.20
GSTR-9C	FY 2018-19	31.10.20

# Regulatory & Secretarial Services



## **Foreign contribution (Regulation) Amendment Act 2020**

The Government has passed the Foreign Contribution (Regulation) Amendment Act 2020 in order to strengthen compliance mechanism and enhance transparency & accountability in the receipt & utilisation of foreign contribution. Some of the key changes made by the amendment are:

- Prohibition of public servant (as defined under the Indian Penal Code) from receiving foreign contribution.
- Persons authorised to receive foreign contribution are now prohibited from transferring such foreign contributions to any person.
- Cap on meeting administrative expenses using foreign contribution now decreased from 50% to 20%.
- Government can prohibit a person from utilizing/ receiving foreign contribution without Government approval if, based on a summary inquiry, it believes that such person has contravened the FCRA regulations.
- Recipient of foreign contribution to receive such amount only in an account designated as "FCRA Account" opened in a branch of the State Bank of India at New Delhi.
- Any person who applies for a permission or registration under FCRA (or its renewal) to provide Aadhaar cards of all its office bearers or directors or other key functionaries or, in case of foreigners, a copy of passport or overseas citizen of India card.
- The period for which government has powers to suspend registration certificate of a person pending an inquiry for cancellation of FCRA registration has been increased from 180 to 360 days.

## **DPIIT is working on credit guarantee, seed fund schemes for start-ups**

Department for Promotion of Industry and Internal Trade (DPIIT) is working on two schemes namely, credit guarantee and seed funds, to support start-ups in the country. In case of credit guarantee fund, there would be a corpus which would be given to banks and they will leverage that to lend to start-ups. Seed fund is primarily for those start-ups which face problems in raising finance or funds in the ideation to the proof of concept stage



### **India-Denmark sign MoU on intellectual property cooperation**

The MoU would foster cooperation between India and Denmark, and provide opportunities to both countries to learn from the experience of each other, especially in terms of best practices followed in the other country. It is a landmark step forward in India's journey towards becoming a major player in global innovation.



### **Foreign Direct Investment (FDI) under automatic route in defence sector increased to 74%.**

The government has permitted foreign direct investment (FDI) of up to 74 per cent under automatic route in the defence sector with a view to attracting overseas investors. However, foreign investments in the defence sector would be subject to scrutiny due to national security and the government reserves the right to review any foreign investment in the sector that affects or may affect national security.

### **Andhra Pradesh government signs MoUs with Netherlands**

Andhra Pradesh Government signs MoU with the Netherlands government and seven companies in food processing, marketing and technologies, to benefit the horticulture and aquaculture farmers across the State.

### **Overseas listing option may have an option for 'dual listing'**

Government is in final stages of drafting new regulations for overseas listing and is considering including 'dual listing' clause in the draft regulations. There are three options - simultaneous listing, listing in India within three years of the overseas public offer, lastly listing within five years in India from their overseas IPO which is being considered by the government. The draft paper is proposing changes in this regard in FEMA, Income Tax and Companies Act among other regulations.

*"An investment in knowledge, pays the best interest"*

*-- Benjamin Franklin*

## 24 Sectors to get manufacturing boost

The DPIIT has shared a list of 24 key sectors including food processing, toys, furniture, agro chemicals and textiles with respective ministries asking them to work on an action plan with a view to boost domestic manufacturing and make India self-reliant. Other sectors include organic farming, iron, aluminium and copper, electronics, industrial machinery, furniture, leather and shoes, and auto parts.

## DPIIT identifying ease of doing business reforms with states

DPIIT in coordination with governments of states and union territories (UTs), is working on improving business regulatory environment in States and UTs. The exercise involves identifying reforms which bring ease of doing business (EoDB), in consultation with the states and UTs. Once identified, these reforms are compiled into an Action Plan and shared with States and UTs for its implementation in a time bound manner. Achievements made by the States and UTs are updated by them on the EODB

## Government sanctions electrical buses and charging stations under FAME scheme

The Government has sanctioned 670 electric buses for Maharashtra, Goa, Gujarat and Chandigarh and 241 charging stations in Madhya Pradesh, Tamil Nadu, Kerala, Gujarat and Port Blair under Phase-II of the FAME India Scheme. (Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles in India scheme)



सत्यमेव जयते

उद्योग संवर्धन और आंतरिक व्यापार विभाग

DEPARTMENT FOR  
PROMOTION OF INDUSTRY AND INTERNAL  
TRADE

## Approval sought for 2 industrial areas and multi-modal logistics hub

The Department for Promotion of Industry and Internal Trade has sought cabinet nod for two industrial areas and one multi-modal logistics and transport hub, work on which is proposed to begin by next year. The industrial areas are proposed to be located at Andhra Pradesh & Karnataka, the multi modal logistics and transport hub is planned in Greater Noida.



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## **Tamil Nadu announces Electronics manufacturing incentives**

Tamil Nadu released the Tamil Nadu Electronics Manufacturing Policy 2020, which seeks to facilitate foreign investment in ESDM and promote the growth of home-grown start-up enterprises. The Tamil Nadu government will handhold ESDM companies during the setting up phase and after through its agencies. The incentives offered include, district location-based incentives, single window portals for ease of doing business, support to start-ups by setting up a centre of excellence for hardware, products and ventures, financial incentives for MSME, large and mega units etc.



## **Karnataka clears special incentive scheme for ESDM**

The Karnataka state has announced "Special Incentives Scheme" for Electronics System Design and Manufacturing (ESDM) sector, through which it expects investment of over Rs 5,000 Crore and 43,000 direct employment in 5 years. The incentives announced for investment in the ESDM sector include- capital investment subsidy of 25 per cent on land and 20 per cent on plant and machinery, also 100 per cent reimbursement of stamp duty and registration charges, and 100 per cent reimbursement of land conversion fee. It also provides for other incentives such as power tariff reimbursements, electricity duty exemption and production linked incentives.



## **Gujarat announces EV subsidies**

Following the footsteps of the Delhi Government, the Gujarat government has announced several subsidies for buyers of electric two-wheelers and three-wheelers. The state government says that the new scheme is aimed at encouraging the adoption of electric vehicles in the state.

### **SEBI eases rules for delisting of listed subsidiaries**

Companies have been exempted from doing a reverse book building—a process followed to decide on a price that has to be paid to public shareholders to buy back shares before delisting- for listed units. To avail of this delisting route, the listed holding company and the listed subsidiary should be in the same line of business.

### **SEBI has eased rights issue norms**

SEBI has changed the minimum subscription requirement in rights issues, a move aimed at making fundraising easier for companies. At present, the regulations required companies doing a rights issue to ensure minimum 90% subscription. SEBI announced that the mandatory 90% minimum subscription would not be applicable to those issuers where object of the issue involves financing other than financing of capital expenditure for a project, provided that the promoters and promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement.



**भारतीय प्रतिभूति और विनियम बोर्ड**  
**Securities and Exchange Board of India**

### **MCA extends deadlines for various schemes and compliances to December end**

Companies Fresh Start Scheme 2020, which was introduced by the MCA and was valid from 1 April 2020 to 30 September 2020, has now been extended. The scheme aimed to enable companies to clear their previous defaults. In addition, the scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013, and the time for conducting EGMs through video conference or other audio-visual means has also been extended till December-end. The LLP Settlement Scheme 2020, has also been extended till the end of 2020, which was aimed at enabling the LLPs to settle their previous defaults.

### **MCA provides relaxation in deposit norms for start-up companies**

MCA has relaxed deposit norms for start-up companies and allowed an additional 5 years' time to repay deposits of Rs. 25 lakhs or more. Earlier, according to the Companies Act of 2013, any company including start-ups that received money from any person for over 365 days, was considered as a deposit. This makes start-ups follow stringent regulations such as informing the registrar, maintaining the deposit repayment reserve and getting credit rating, before raising the money for over 365 days.



सत्यमेव जयते

**Ministry of Corporate Affairs**  
Government of India



## Highlights of Companies (Amendment) Act 2020

**Changes to offenses:** The Act removes the penalty, imprisonment for certain offenses, and reduces the amount of fine payable in certain cases. However, Under the Act, one-person companies or small companies are only liable to pay up to 50% of the penalty for certain offences.

**Exclusion from listed companies:** The Act empowers the Centre in consultation with the SEBI, to exclude companies issuing specified classes of securities from the definition of a “listed company”.

**Exemptions from filing resolutions:** The Act requires companies to file certain resolutions with the Registrar of Companies, which include resolutions of the Board of Directors of the company to borrow money, or grant loans. However, banking companies are exempt from filing resolutions passed to grant loans or to provide guarantees or security for a loan. This exemption has been extended to registered nonbanking financial companies and housing finance companies.

**CSR:** The Act exempts companies with a CSR liability of up to Rs 50 lakh a year from setting up CSR Committees.

**Benches of NCLAT:** The Act seeks to establish benches of the National Company Law Appellate Tribunal in New Delhi.

**Direct listing in foreign jurisdictions:** The Act empowers the central government to allow certain classes of public companies to list classes of securities in foreign jurisdictions.



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