

# NEWSLETTER

January 2021 (Volume I: Serial No. 01/2021)

Bhatia & Bhatia  
Chartered Accountants



## Covered in this edition:

- Extension for Income Tax Compliances
- Cairn wins arbitration ruling against India
- Restrictions on use of amount available in electronic credit ledger
- Validity of E-way Bill
- Government issues FEMA notification for FDI in defence sector
- Cayman Islands beats Mauritius in FDI into India
- MOUs signed with different nations
- ICSI's guidance notes on auditing standards [CSAS-1 to CSAS-4] to be effective from 01.04.2021
- MCA amends norms relating to name change

## Key Dates for January:

- Furnishing ITR for AY 2020-21 (individuals & non audit assessee's) is 10<sup>th</sup> January
- GSTR-1(Turnover more than 1.5 Crore) for December month is 11<sup>th</sup> January
- Tax audit report and TP certificate to be furnished by 15<sup>th</sup> January
- Payment of Provident Fund & ESI contribution for the month of December by 15<sup>th</sup> January
- Payment of Provident Fund & ESI contribution for the month of December by 15<sup>th</sup> January
- Declaration under Vivad se Vishwas Scheme is 31<sup>st</sup> January



*"Your time is limited, so don't waste it living someone else's life. Don't be trapped by dogma - which is living with the results of other people's thinking"*

*--Steve Jobs*

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**Anant Bhatia**

“We can officially stop talking about 2020 now. When it started, we had no idea of the journey that lay ahead — which is something that you can always say, but for 2020 it turned out to be truer than ever.

Before we close the book on 2020, I would like to thank everyone who stepped up and helped confront the extraordinarily difficult circumstances that 2020 brought us. Your willingness and ability to meet, head-on, both the challenges and the opportunities gave us courage, confidence and hope for the future.

As one year ends and a new one starts, let me wish for you joy and happiness of heart. Hope you have a wonderful New Year and make this one special for all you hold dear.”



*“The greatest glory in living lies not in never falling, but in rising every time we fall”*

*-Nelson Mandela*

# Income Tax

## **TDS on Salary (Circular No. 20/2020 [F.NO. 275/192/2020-IT(B)], Dated 3-12-2020)**

A circular for deduction of tax was issued by the Income tax department. All rates of applicable tax rates for TDS on salary u/s 192 are set out along with new and old regime applicability. Further, summary of deductions available along with few illustrations are included for the deductor.

## **New grievance communication email id:**

An exclusive email ID- "feedback.notice.neac@incometax.gov.in" was enabled to register grievance regarding Section 142(1) notices (including roving questionnaires) issued under the Faceless Assessment Scheme 2019. As per the officials, the grievances received in the said email shall be closely monitored by a team at National e-Assessment Centre.

## **Vivad se Vishwas Scheme**

With the objective to reduce pending income tax litigation, generate timely revenue for the Government and benefit taxpayers by providing them peace of mind, certainty and savings on account of time and resources that would otherwise be spent on the long-drawn and vexatious litigation process, the Direct Tax Vivad se Vishwas Act, 2020 (hereinafter referred to as 'Vivad se Vishwas') was enacted on 17th March, 2020.

In April 2020 department had issued 55 FAQ's on issues related to eligibility, computation of amount payable, procedure and consequences under Vivad se Vishwas.

The department has now released another set of FAQs vide Circular No. 21/2020 [F.NO. IT(A)/1/2020-TPL], which contain 34 more FAQs (Q. no. 56 - 89). These questions address issues related to eligibility and computation.

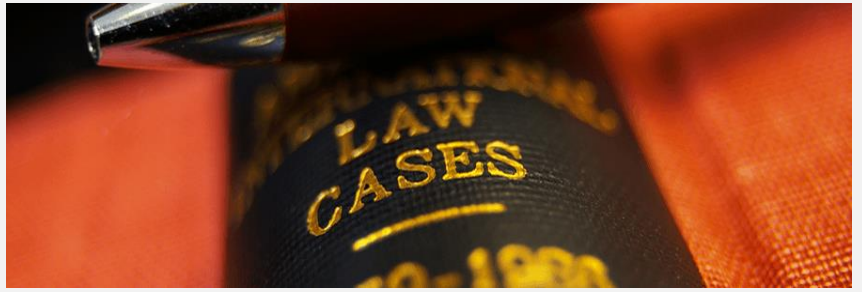
**DID  
YOU  
CHECK  
NEW  
DUE  
DATES?**



## Extension for Income Tax Compliances

S. No	Particulars	Due Date
1.	Furnishing ITR for AY 2020-21 for companies and those whose accounts are Audited under the Income Tax Act, 1961.	February 15, 2021
2.	Furnishing ITR for AY 2020-21 for those who are required to furnish report of international/specified transaction under the Income Tax Act, 1961.	February 15, 2021
3.	Furnishing ITR for AY 2020-21, in any other case	January 10, 2021
4.	Furnishing Audit report under the Income Tax Act, 1961.	January 15, 2021
5.	Declaration under Vivad se Vishwas Scheme	January 31, 2021
6.	Furnishing Annual Return, for the year ended March 2020 under Central Goods and Services Tax Act, 2017.	February 28, 2021

# Case Laws:



## **No presumptive income for partners remuneration u/s 44AD**

**Mr. A. Anandkumar (Tax case Appeal No. 388 of 2019)**

Taxpayer is a partner in a partnership firm. He opted for the presumptive taxation scheme prescribed under Section 44AD and applied presumptive rate of 8% in respect of the remuneration and interest received from the partnership firm. Assessing Officer (AO) opined that Section 44AD is applicable only in the case of an eligible assessee engaged in an eligible business. Since taxpayer was not carrying on business independently but only as a partner in the firm, he was not eligible to opt for Section 44AD. Further, CIT(A) and ITAT upheld the order passed by AO.

On further appeal Madras High Court held that to avail the benefit under Section 44AD, assessee should establish that he is an eligible assessee engaged in an eligible business and such business should have a total turnover or a gross receipt. HC further added that the remuneration and interest received by him from the partnership firm could not be treated as his turnover. Similarly, it would also not qualify for gross receipts.

In the statement issued by the ICAI on the Companies (Auditors Report) Order 2003, the word 'turnover' has been defined to mean the aggregate amount for which sales are effected or services rendered by an enterprise. Admittedly, taxpayer had not done any sales nor rendered any services but had been receiving remuneration and interest from the partnership firms which was already debited in the profit and loss account of the firms. Therefore, remuneration and interest could not be treated as a gross receipt.

Thus, CIT(A) and ITAT were right in holding that assessee was not eligible to opt for Section 44AD.

## **Allowance of depreciation on leased assets to banking company**

**Commissioner of Income Tax LTU, Bangalore v. Canara Bank (IT Appeal No. 332 of 2016) (High Court of Karnataka)**

Taxpayer (bank in this case) claimed depreciation on the assets leased to three companies. AO disallowed depreciation claimed on ground that assets were not found to be in existence in a search conducted under section 132 in premises of said companies.

CIT(A) held that assessee had discharged onus to prove genuineness of transaction by furnishing necessary documents viz., copies of sanction letter, lease agreements, invoices, inspection records on various dates and inspection reports pertaining to pre-search and post-search period in support of its claim and AO did not rebut corroborative evidence filed by assessee. He, accordingly, directed AO to allow depreciation on said leased assets.

Further, Tribunal upheld order of CIT(A) held that the transactions of the assessee with the companies in question was genuine and the assets, which were leased out were in existence and the assessee was entitled to depreciation. The Karnataka HC, on the basis of material on record, held that the transactions of the assessee with the companies in question was genuine and the assets, which were leased out, were in existence and the assessee was entitled to depreciation.



## Treatment of forex loss as per Section 43A

### Commissioner of Income Tax v. Continuum Wind Energy (India) (P.) Ltd. (T.C.A. NO. 345 OF 2020) (High Court of Madras)

The taxpayer borrowed a loan from the State Bank of India for purchase of an asset in India. Subsequently, the loan was converted into a foreign currency loan regarding which the assessee paid a premium for hedging foreign exchange fluctuations and claimed deduction.

Assessing Officer (AO) disallowed the deduction claimed by the taxpayer. CIT(A) upheld the order passed by AO.

On appeal before Income Tax Appellate Tribunal (ITAT), the taxpayer alternatively claimed that if the said premium was a capital loss, it should go to increase the cost of the project and, hence, depreciation should be allowed on the enhanced value of the asset.

ITAT held that the premium paid by taxpayer was in the course of setting up a project and therefore, the loss was on the capital field and could not be a revenue loss and the same should be added to the cost of the capital assets on which depreciation should be allowed.



The revenue challenged the order of the ITAT in the High Court contending that there is no provision under the Act which allows such expenses. It was further contended that since the assets were purchased in India based on the loan taken in Indian currency only and the premium paid on the forward contract was not even remotely connected with the cost of the asset, question of allowing depreciation did not arise.

The Madras High Court held that it could not be said that the loan borrowed in foreign currency was not even remotely connected with the cost of the asset when it was an admitted position that the loan was borrowed for acquiring a capital asset.

Therefore, the assessee cannot be put to disadvantage on both grounds, the High Court said, adding the loss suffered in foreign exchange fluctuations would definitely increase the cost of the project to the extent of loss suffered by the assessee. The Madras High Court ruled that the ITAT was right in allowing the plea of depreciation raised by the assessee.



# International Taxation & Transfer pricing

## Case Laws:

### **Cairn wins arbitration ruling against India**

The Permanent Court of Arbitration (PCA) at The Hague has ruled that the Indian government was wrong in applying retrospective tax on Cairn. The government was asked to compensate Cairn “for the total harm suffered,” together with interest and cost of arbitration. The Income-Tax department in 2015 slapped INR 10,247 Crore tax demand on Cairn for alleged capital gains it made in 2006 business reorganization. Cairn argued that the transactions are a genuine case of group restructuring, which are not subject to taxation in India and challenged it through arbitration. During the pendency of arbitration, the government had moved against Cairn Energy to recover the tax liability. The PCA ruled that the 2006 reorganization of Cairn Energy’s India business was not unlawful tax avoidance. It ordered the authorities to drop the tax demand and return the value of shares that the income tax department sold as also the dividend it seized and tax refunds it withheld to recover tax demand that was levied following the 2012 amendment to the Income-Tax Act that gave authorities powers to seek taxes on past deals.

**Akin to the ruling in the Vodafone arbitration case, the PCA at The Hague has once again ruled that the Indian government’s retrospective demand was “in breach of the guarantee of fair and equitable treatment”.**



### **No tax withholding where there’s no payment/ credit of interest**

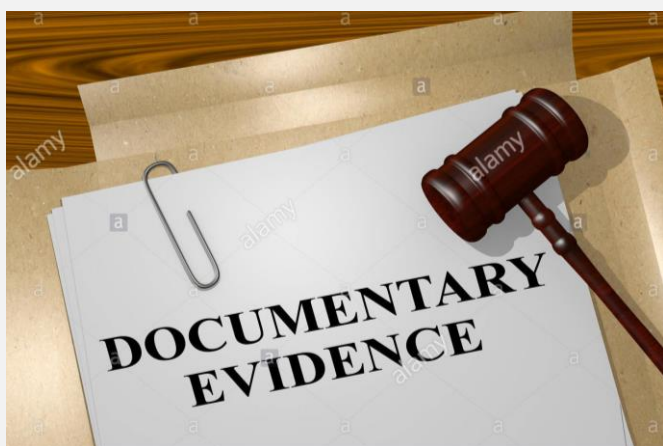
#### **Coffeday Enterprises Ltd [ITA No. 2931 /Bang/2018]**

The Revenue argued that withholding under section 195 is required for interest accrued on Compulsorily Convertible Debentures (CCDs) invested by a Cyprus investor. The taxpayer contended that the interest payable was waived off and since no interest was paid or claimed as expenditure, the provisions of section 195 of the Act cannot be applied. The Tribunal holds that the “purpose of deduction of tax at source is not to collect a sum which is not a tax levied under the Act, it is to facilitate the collection of tax lawfully leviable under the Act” and therefore, in the case of the taxpayer, the provisions of section 195 of the Act are not applicable.

### **Documentary evidence for justifying management services**

#### **Henkel Chembond Surface Technologies Limited [ITA No. 1049/Mum/2016]**

Taxpayer received regional management services from its associated enterprise (AE) in the nature of assisting the taxpayer in its decisions and adoption of best policies and practices, resulting in better market position and increased turnover. The Revenue argued that the taxpayer failed to provide sufficient documentary evidence in support of services received and determine the ALP as Nil. The Tribunal noted that material placed on record by taxpayer sufficiently demonstrate that taxpayer benefits from the services rendered by AE on the basis of its experienced personnel. The Tribunal also observed that as the regional management services received by the taxpayer from its AE are intangible in nature, therefore, evidence in support of availing of such services and the benefit received therefrom can only be demonstrated by narrations, descriptions and documentary evidence. The Tribunal concluded that the TPO is divested of his jurisdiction in determining the ALP of the international transactions of the taxpayer in an ad hoc manner without following any one of the prescribed TP methods under section 92C(1) of the Act.



### **FTC allowed to partnership firm on withholding of taxes under article 12 of the Indo-Japan tax treaty**

#### **Amarchand & Mangaldas & Suresh A Shroff & Co [ITA No. 2613/Mum/2019]**

The taxpayer, a partnership firm, had claimed a foreign tax credit in respect of taxes withheld by its clients in Japan. The taxes were withheld in Japan under article 12 of Indo-Japanese tax treaty (related with FTS). Revenue argued that taxes have been wrongly withheld in Japan and credit for such taxes withheld in Japan was not admissible to the taxpayer, for the reason that the income so earned by the taxpayer could only have been taxable under article 14 for the 'independent personnel services' but then since taxpayer admittedly did not have any fixed place in Japan, the condition precedent for taxability even under article 14 was not at all satisfied.

On further appeal, the Tribunal observed that there are overlapping areas in the definition of fees for technical services under article 12(4), which covers 'technical, management and consultancy services' vis-à-vis the definition of professional services income from which can be taxed under article 14 as 'income from independent personnel services'. The Tribunal held that on the peculiarities of Indo Japanese tax treaty provisions, the TDS was rightly deducted under Article 12 in respect of the professional income earned in Japan and rules that tax paid or withheld in source state must be given credit in state of residence unless the interpretation in the source state is manifestly erroneous.

# Indirect Tax



## **Application for Registration**

For individual applicant or of such individuals in relation to the applicant, where the applicant is not an individual, along with the verification of the original copy of the documents uploaded with the application in FORM GST REG-01, the application shall be deemed to be complete only after completion of the process laid down under prescribed rules.

Every application for registration shall be followed by—

- (a) biometric-based Aadhaar authentication and taking photograph, unless exempted by the government notification, if he has opted for authentication of Aadhaar number;

Or

- (b) taking biometric information, photograph and verification of such other KYC documents, as notified, unless the applicant is exempted by the government notification, if he has opted not to get Aadhaar authentication done



## **Verification of the application and approval**

The application shall be forwarded to the proper officer who shall examine the application and the accompanying documents and if the same are found to be in order, approve the grant of registration to the applicant within a period of seven working days instead of three working days from the date of submission of the application.

If the proper officer fails to take any action, -

- (a) Within a period of seven working days from the date of submission of the application; or
- (b) Within a period of thirty days from the date of submission of the application; or
- (c) Within a period of seven working days from the date of the receipt of the clarification, information or documents furnished by the applicant under sub-rule (2),

The application for grant of registration shall be deemed to have been approved.



## **Waiver of Late Fees of GSTR-4**

Registered person whose principal place of business is in the Union Territory of Ladakh, the late fee payable for delay in furnishing of FORM GSTR-4 for the Financial Year 2019-20, from the 1st day of November, 2020 till the 31st day of December, 2020 shall stand waived



### **Important notification in case of defaults in the filing of GSTR3B**

(a) a registered person shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1, if he has not furnished the return in FORM GSTR-3B for preceding two months;

(b) a registered person, required to furnish return for every quarter under the Act, shall not be allowed to furnish the details of outward supplies of goods or services or both under section 37 in FORM GSTR-1 or using the invoice furnishing facility, if he has not furnished the return in FORM GSTR-3B for preceding tax period;

(c) a registered person, who is restricted from using the amount available in electronic credit ledger to discharge his liability towards tax in excess of ninety-nine percent of such tax liability under prescribed rule, shall not be allowed to furnish the details of outward supplies of goods or services or both under the Act in FORM GSTR-1 or using the invoice furnishing facility, if he has not furnished the return in FORM GSTR-3B for preceding tax period.

## Form GSTR -1

### Details of Outward Supplies

### DUE DATES:

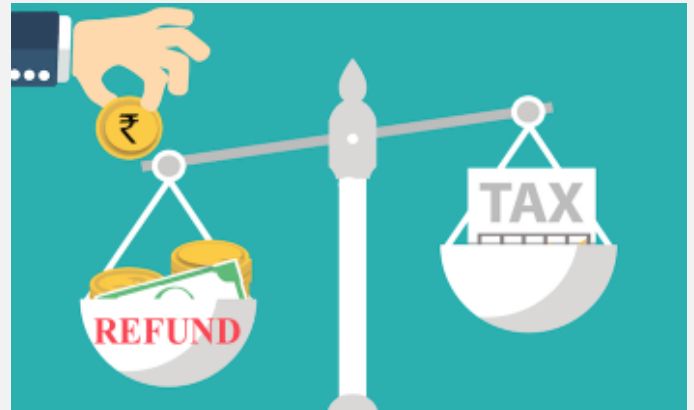
Return	Period	Due dates
GSTR-1 Quarterly Taxpayers (Turnover upto INR 1.5 Crore)	October - December 2020	January 13, 2021
	January – March 2021	April 13, 2021
GSTR-3B (Turnover more than INR 5 Crore)	December 2020	January 20, 2021
GSTR-9 (Annual return)	FY 2019-20	February 28, 2021
GSTR-9A (Composition annual return)	FY 2019-20	February 28, 2021
GSTR-9C	FY 2019-20	February 28, 2021

### **Restrictions on use of amount available in electronic credit ledger**

The registered person shall not use the amount available in electronic credit ledger to discharge his liability towards output tax in excess of ninety-nine per cent of such tax liability, in cases where the value of taxable supply other than exempt supply and zero-rated supply, in a month exceeds fifty lakh rupees.

Provided that the said restriction shall not apply where:

(a) the said person or the proprietor or karta or the managing director or any of its two partners, whole-time Directors, Members of Managing Committee of Associations or Board of Trustees, as the case may be, have paid more than one lakh rupees as income tax under the Income-tax Act, 1961 in each of the last two financial years for which the time limit to file return of income under subsection (1) of section 139 of the said Act has expired; or



(b) the registered person has received a refund amount of more than one lakh rupees in the preceding financial year on account of unutilized input tax credit under the Act; or

(c) the registered person has discharged his liability towards output tax through the electronic cash ledger for an amount which is in excess of 1% of the total output tax liability, applied cumulatively, upto the said month in the current financial year; or

(d) the registered person is –

- (i) Government Department; or
- (ii) a Public Sector Undertaking; or
- (iii) a local authority; or
- (iv) a statutory body

Provided further that the Commissioner or an officer authorised by him in this behalf may remove the said restriction after such verifications and such safeguards as he may deem fit

## **Blocking of Electronic Credit Ledger**

**Information to be furnished prior to commencement of movement of goods and generation of e-way bill:**

An e-way bill or a consolidated e-way bill generated under this rule shall be valid for the period as mentioned in column (3) of the Table below from the relevant date, for the distance, within the country, the goods have to be transported, as mentioned in column (2) of the said Table:-



S. No.	Distance	Validity Period
1	Upto 200 km	One day in cases other than Over Dimensional Cargo [or multimodal shipment in which at least one leg involves transport by ship]
2	For every 200 km. or part thereof thereafter	One additional day in cases other than Over Dimensional Cargo [or multimodal shipment in which at least one leg involves transport by ship]
3	Up to 20 km	One day in case of Over Dimensional Cargo [or multimodal shipment in which at least one leg involves transport by ship]
4	For every 20 km. or part thereof thereafter	One additional day in case of Over Dimensional Cargo [or multimodal shipment in which at least one leg involves transport by ship.

Provided that the Commissioner may, on the recommendations of the Council, by notification, extend the validity period of an e-way bill for certain categories of goods as may be specified therein.



# Secretarial, Regulatory & Business Updates

## **Government issues FEMA notification for 74% FDI in defence through automatic route**

The Indian government issued a notification regarding changes in the Foreign Exchange Management Act (FEMA) permitting foreign direct investment (FDI) in defence production up to 74 percent under the automatic route. As per the new policy, the increased FDI limit can go beyond 74 percent wherever it is likely to result in access to modern technology or for other reasons that should be recorded. The Central government has clearly mentioned that all foreign investment in the sector is subject to security clearance by the Ministry of Home Affairs and as per guidelines of the Ministry of Defence.



## **Directorate General Of Trade Remedies**

Department Of Commerce  
New Delhi

## **SEBI clarification on Angel fund**

Securities and Exchange Board of India (SEBI) has clarified that an Angel fund is required to maintain a minimum corpus of 5 Crores at fund level through informal guidance. In addition to that, the sponsor and manager together can maintain continuing interest of not less than two and half percent of the corpus or 50 lakhs, whichever is less, in an angel fund.

## **DGTR imposes countervailing duty on solar glass imports from Malaysia**

The Directorate General of Trade Remedies (DGTR), Ministry of Commerce and Industry, has imposed a countervailing duty at 9.71% of the cost, insurance, and freight (CIF) value for five years on the imports of textured and tempered (whether coated or uncoated) glass from Malaysia. The glass is used in the production of solar panels and solar thermal applications.

Based on investigations undertaken, DGTR concluded that the product under consideration had been exported to India from Malaysia at subsidized prices, due to which the domestic industry had suffered material injury.

## TN signs 18 business pacts to usher in Rs 19,995-crore investments

In a major economic push, the Tamil Nadu (TN) government signed 18 business deals with various private companies to bring investments worth a whopping Rs 19,995 crore to the State, and provide employment for 26,500 persons. The 18 pacts signed are focussed on electric vehicles, solar and wind energy, pharmaceuticals, city gas distribution (CGD), e-education, and textiles.

The USA-headquartered First Solar is planning to set up a Rs 4,185-crore solar module manufacturing facility. Similarly, YaClass, a Latvian company that provides web-based educational platform, is also planning to establish a Rs 300-crore edu-tech project in Chennai. YaClass is the current market leader in Latvia and Russia.

Tamil Nadu Industrial Development Corporation (TIDCO) also signed a memorandum with the Crown Group, that proposes to establish a Rs 2,500-crore worth Aerospace Cluster Park, that manufactures flight components and sub-systems, and drone manufacturing, in Salem district. The park is expected to generate over 5,000 job opportunities



## Indian Government invites proposals for setting up semiconductor FAB plants in India

In a move aimed at incentivising and attracting investment for setting up of chip manufacturing in India, the Union Ministry of Electronics and Information Technology (MeitY) issued a notice inviting Expression of Interest (EoI) for setting up / expansion of existing Semiconductor wafer / device fabrication (FAB) facilities in India or acquisition of Semiconductor FABs outside India.

MeitY has asked the interested firms to indicate the kind of financial support desired from the Government of India, including Grant-in-Aid (GIA), Viability Gap Funding (VGF) in the form of Equity and / or Long-Term Interest Free Loan (LIFL), tax incentives, infrastructure support, etc.



## India-USA ink MoU on IP examination and protection

India – USA recently inked a Memorandum of Understanding (MoU) which aims at exchange of information and best practices for registration and examination of applications for patents, trademarks, copyrights, geographical indications, and industrial designs, and protection of Intellectual Property Rights (IPRs). It also entails exchange and dissemination of best practices, experiences and knowledge on IP among the public, industry, universities, research and development (R&D) organizations, and small and medium enterprises through participation in programmes and events along with collaboration in training programmes, exchange of experts, technical exchanges and outreach activities.



## Cayman Islands beats Mauritius in FDI into India

After Mauritius and Singapore lost their tax advantage due to change in tax treaties, Cayman Island has emerged as the new hotspot to route FDI into India. FDI inflows worth \$2.1 billion were made through Cayman Islands in first half of the current financial year. Only Singapore (\$8.3 billion) and US (7.12 billion) were ahead. Mauritius, which till last year contributed the second highest FDI inflows to India, was behind Cayman Islands. This British overseas territory is now the third most preferred source of investments into India - it was 7th in FY19 and 5th in FY20.

## MoU between India-USA in electricity sector

The Indian Government, approved Central Electricity Regulatory Commission (CERC)'s proposal for entering into a MoU between CERC, India and Federal Energy Regulatory Commission (FERC), United States of America (USA) for exchange of information and experiences in areas of mutual interest to both in the electricity sectors. The activities to be carried out under the MoU include identifying energy-related issues, visits by Commissioners and/or staff to participate in activities at each other's facilities, participate in seminars, exchanges.

*“Success is not final; failure is not fatal: it is the courage to continue that counts”*

*--Winston Churchill*

## India and Bangladesh sign 7 MoUs in virtual summit

India and Bangladesh signed seven MoUs and agreements during a recent virtual summit. The agreements include a framework of understanding in Hydrocarbon sector, framework agreement on High Impact Community Development Project (HICDP), protocol on transborder elephant conservation, an MoU on the supply of equipment and improvement of Garbage and solid waste disposal, MoU in the field of agriculture, an MoU between National Museum Delhi and Bangabandhu Sheikh Mujibur Rahman Memorial museum, Dhaka.



## UAE to invest 7 billion dollars in India's food sector

In the backdrop of the kisan andolan (farmers protest), India and United Arab Emirates (UAE) have signed an ambitious agreement through which UAE will invest 7 billion dollars in a food processing complex in India.

## India, Vietnam sign MoU on solar energy cooperation

India and Vietnam have signed a MoU to promote the exchange of knowledge, best practices, and information between the two countries and to explore new business opportunities in the field of solar energy.

## Saudi Arabia Sees Foreign Investment Boost from India, Egypt

Saudi Arabia granted 20% more foreign investment licenses in the third quarter compared to the same period last year, with India and Egypt driving the increase despite efforts to attract American and European interest. Egypt and India led the way, with 30 licenses being awarded to investors from each country, followed by the U.K. and Lebanon with 16 permits apiece.

## Maharastra government signs agreements worth Rs. 61,000 crores with 25 companies

MoUs worth Rs 61,000 crore with 25 Indian companies in more than 15 sectors were signed under its 'Magnetic Maharashtra' initiative. The MoUs signed are expected to create 2.53 lakh jobs across the state. The proposed investments are from IT, pharmaceuticals, healthcare, biotechnology, food processing, steel, automobiles, engineering and oil and gas sectors among others. Some of the MoUs signed include the JSW Steel (Rs 20,000 crore), Indian Corporation (Rs 11049 Crore) and Rs 7500 crore each by K Raheja, Kirtikumar Steel Udyog and Inspire Infra Projects.



## **MCA notifies Companies (Compromises, Arrangements and Amalgamations) Second Amendment Rules, 2020**

The Ministry of Corporate Affairs (MCA) notified the Companies (Compromises, Arrangements and Amalgamations) Second Amendment Rules, 2020 which seeks to amend the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

The amendment seeks to include the word “corporate action”, which means any action taken by the company relating to transfer of shares and all the benefits accruing on such shares namely, bonus shares, split, consolidation, fraction shares and right issue to the acquirer.

The MCA also seeks to insert Rule 26A which is in respect of the purchase of minority shareholding held in demat form.



## **MCA amends e-form SH-7 for notifying alteration of share capital to registrar**

MCA has published the Companies (Share Capital and Debentures) Second Amendment Rules, 2020 to further amend the Companies (Share Capital and Debentures) Rules, 2014. Through this, MCA has amended the existing form SH-7. The new form now mandates reporting details of cancellation of unissued shares of one class and increase in shares of another class for reporting requirement.

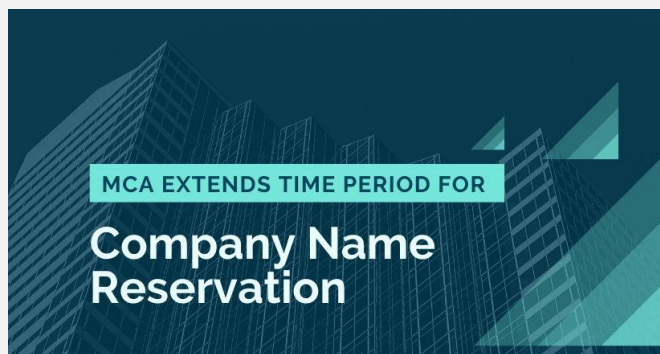
## **ICSI's guidance notes on auditing standards [CSAS-1 to CSAS-4] to be effective from 01.04.2021**

The ICSI has issued first four Auditing Standards (AS), i.e (i) AS on Audit Engagement (CSAS-1) ;(ii) AS on Audit Process and Documentation (CSAS-2) ;(iii) AS on Forming of Opinion (CSAS-3) and (iv) AS on Secretarial Audit (CSAS-4), which are applicable mandatorily on audit assignments accepted by auditor on or after 01.04.2021. Guidance Notes sets out explanations, procedures and practical aspects of [CSAS-1 to CSAS-4] to facilitate compliance thereof by stakeholders.



## **MCA amends norms relating to name change**

MCA has amended the Companies (Incorporation) Rules, 2014 whereby upon payment of certain fees the Registrar of Companies shall extend the period of name reserved. This period of extension of name reservation can be extended up to 60 days from date of approval under rule 9 on payment of appropriate fees.





# Our Offices:



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