

R C JAIN AND ASSOCIATES LLP

NEWSLETTER

December

2019

*“There is no wealth like
knowledge and no poverty like
ignorance.”*



INDEX

1. Income Tax _____	01
2. GST _____	09
3. RBI _____	17
4. Corporate Law _____	22
5. Hunar Haat _____	23

EDITORIAL TEAM

CHIEF EDITOR

CA R. C. Jain

EDITOR

CA Dixita Vora

MEMBERS

Apurva Sawant

Misba Shah

Kajal Jagiasi

Tushar Zore

Arluv Almeida

Jyoti Kadu

SUPPORT TEAM

Ulhas Jain

CA Meera Joisher

Mangesh Kolekar

Tejashree Wanarkar

The contents provided in this newsletter are for information purpose only and are intended, but not promised or guaranteed, to be correct, complete and up-to-date. The firm hereby disclaims any and all liability to any person for any loss or damage caused by errors or omissions, whether such errors or omissions result from negligence, accident or any other cause.

Income Tax

1) Notification No.99/2019, Dated 27-11-2019:

The Central Government has approved M/s International Centre for Research in Agroforestry, South Asia Regional Programme, NASC Complex, Delhi (ICRAF) (PAN:-AATI4803K) in the category of 'Scientific Research Association' for the purpose of section 35(1)(ii) of the Income-tax Act, 1961 (Read with Rules 5C & 5D) from AY 2019-2020 onwards, subject to certain conditions.

For detailed conditions, kindly refer the below link:

https://www.incometaxindia.gov.in/communications/notification/notification_no_99_2019.pdf

2) Notification No.100/2019, Dated 27-11-2019:

Central Government notifies M/s National Stock Exchange of India Limited (NSE) as a 'recognised association' for the purpose of Section 43(5)(e)(iii) and consequently Trading in commodity derivatives on NSE shall not be deemed as speculative business.

3) Notification No.103/2019, Dated 13-12-2019:

Govt. notifies that persons who have made declaration under the Income Declaration Scheme 2016, but have not made payment of tax, surcharge, penalty payable there under on or before the due dates, may now make the payments on or before the 31st January, 2020, along with interest at the rate of 1% p.m; This notification shall be deemed to have come into force with effect from the 1st June, 2016.

DIRECT TAX

4) Notification No.104/2019, Dated 18-12-2019:

CBDT has notified revised FORM NO. 10DA-Report under section 80JAA(Deduction in respect of employment of new employees) of the Income-tax Act, 1961. For detailed form, kindly refer the below link:

https://www.incometaxindia.gov.in/communications/notification/notification_104_2019.pdf

5) Notification 105/2019 and Circular 32/2019, Dated 30-12-2019

CBDT has prescribed 3 Electronic Modes for accepting payment by person having total sales, turnover, total gross receipts of more than Rs. 50 Crore as mentioned in Section 269SU which governs 'Acceptance of payment through prescribed modes'.

Provision applicable from 1st January, 2020 (Rule 119AA) prescribes the following e-payment modes:

- a) Debit Card powered by Rupay
- b) Unified Payments Interface (UPI) – BHIM-UPI
- c) Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code)

Penalty for non-compliance shall be Rs. 5,000/day

No penalty under Section 271DB, if the person installs and operationalizes the facilities on or before 31st January, 2020.

6) Notification No.107/2019, Dated 30-12-2019

Due date for linking of PAN with Aadhaar extended to 31st March 2020.

7) Circular No. 31/2019, Dated 19-12-2019:

CBDT extends due date for payment of TDS under section 194M during the month of September, 2019 and October, 2019 and the due date for furnishing the challan-cum-statement in Form 26QD for the same, from 31.10.2019 and

DIRECT TAX

30.11.2019 respectively to 31.12.2019. Consequently, the due date of furnishing of the certificate of deduction of tax in Form 16D has also been extended for the tax deducted during the month of September, 2019 and October, 2019 to 15.01.2020.

8) CBDT Order [F. NO. PR.CCIT (NeAC)/2019-20/61], Dated 24-12-2019

The time limit for filing of response to notices under section 142(1) of the Income-tax Act issued up to 24.12.2019 by the National e-Assessment Centre is extended up to 10.01.2020 or time given in such notices, whichever is later.

9) Press Release, Dated 27-11-2019:

Section 90 of the Income-Tax Act, 1961- Double Taxation Agreement

Cabinet approves agreement and protocol between India And Chile for avoidance of double taxation

Major impact: The DTAA will facilitate elimination of double taxation. Clear allocation of taxing rights between Contracting States through the Agreement will provide tax certainty to investors & businesses of both countries while augmenting the flow of investment through fixing of tax rates in source State on interest, royalties and fees for technical services. The Agreement and Protocol implements minimum standards and other recommendations of G-20 OECD Base Erosion Profit Shifting (BEPS) Project. Inclusion of Preamble Text, a Principal Purpose Test, a general anti-abuse provision in the Agreement along with a Simplified Limitation of Benefits Clause as per BEPS Project will result in curbing of tax planning strategies which exploit gaps and mismatches in tax rules.

-Compiled by Apurva Sawant

Case Laws:

1) Issue Involved:

Where the assessee had let out its business premises and declared rental income earned therefrom under the head Income from house property, since there was no business use of those properties nor the properties were available/ready to be used for purposes of business of assessee, depreciation under section 32 could not be allowed merely on ground that those properties continued to form part of 'Block of Asset' as defined under section 2(11).

- *Emco Dyestuff (P.) Ltd. Vs Deputy Commissioner of Income-tax, Mumbai, ITA No. 703 of 2018, dated (4-07-2019).*

Gist of the Case:

The assessee is engaged in the business of trading in chemicals & dyes, intermediate & commission agents. The assessee has shown income from house property in respect of office premises which were let out during the year. The assessee had also claimed depreciation on these premises which had been let out during the year. The AO asked assessee to explain as to how depreciation can be allowed on let out properties. The assessee submitted details of properties held by it on 31.03.2013 and the purpose of acquisition of all these properties were shown to be for self use for the purposes of business of the assessee. The assessee explained before AO that said properties were acquired for business of the assessee and form part of the business assets and rightly taken into 'Block of Assets'-Building to claim depreciation under the 1961 Act. It was submitted

That the moment the assets enters into 'Block of Assets', it loses individual identification and deprecation is claimed on closing balance in the 'Block of Assets' which should be allowed.

The Assessing Officer rejected contentions of the assessee on the ground that once assets were let out more so where the income was shown as 'Income from House Property', the depreciation could not be allowed. The AO Observed that standard deduction of 30% is allowed towards maintenance as statutory deduction and hence depreciation cannot be allowed on these let out properties. The AO observed that assessee was required to reduce value of

such let out properties from 'Block of Assets' before claiming depreciation because as per AO, depreciation can be allowed only on assets which are used for business purposes. The AO observed that the value of such let out property works out to be Rs. 1,14,86,576/- and hence total value of the property considered in the 'Block of Assets' was required to be reduced by this amount before calculating depreciation. The AO disallowed depreciation to the tune of Rs. 11,48,658/- being 10% of the value of let out property and added the same to income of the assessee, vide assessment order dated 11.03.2016 passed by the AO u/s. 143(3) of the 1961 Act.

Held:

The dispute has arisen between parties as to claim of deduction of depreciation on four immovable properties which were let out by assessee on rent and income thereof was offered for taxation by assessee under the head 'Income from House Property'.

It is not the contention of the assessee that these properties were let out temporarily during the year under consideration but were ready/available for being used for the purposes of business of the assessee.

The assessee has declared its income from rent from letting out of these two house properties which were acquired in earlier years under the head 'Income from House Property' which falls under Chapter IV-C of the Act containing sections 22 to 27. Thus the assessee will be entitled for deductions as are stipulated under sections 22 to 27 under Chapter IV-C of the 1961 Act while computing Income from House Property chargeable to tax. This Act does not provide for depreciation on immovable properties as one of deductions from income earned by assessee from letting out of such house property. Section 32 provides for depreciation and falls under Chapter IVD which concerns itself with computation of income from Profits or Gains from Business or Profession.

Moreover, once rental income from these house properties is brought to tax under the head 'Income from House Property' and undisputedly there is no usage of these house properties by assessee for its business, then there is no scope of claiming depreciation on these house properties by invoking provisions of section 32 Act which falls under Chapter IV-D dealing with income from Profit and Gains of Business or Profession because firstly, there was no business user of those properties by the assessee during the entire year under consideration and secondly there was no possibility of those two

properties being available/ready to be used for the purposes of the business of the assessee.

It is well settled that every year is an independent unit and merely because depreciation was allowed earlier by revenue erroneously does not mean that the same will continued to be allowed in this year also. Allowing depreciation under section 32 on these two let out properties which are distinct, independent and separately identifiable properties, on the grounds that they form part of Block of Asset, will lead to taking concept of Block of Asset to limits of absurdity, keeping in view the factual matrix prevailing in the instant appeal and doctrine of supervening impossibility of business usage of these properties. There is admittedly no business user of these two properties by assessee for its business for the entire year under consideration as well for earlier years.

Thus, so far as these two house properties which were acquired in earlier years and were let out on rent from years including year under consideration, income thereof was offered for taxation by assessee under the head 'Income from House Property', no depreciation under section 32 can be allowed on these two properties which were acquired in earlier years and were let out throughout the year under consideration income thereof being offered for tax under the head income from house properties, as doctrine of supervening impossibility has set in as neither these properties were used for business purposes, nor ready to be used for business nor available for business user for the purposes of business of the assessee, for the entire year under consideration. Thus, depreciation under section 32 under these circumstances cannot be allowed on these two properties merely on the grounds that once these properties entered Block of Assets viz. Building many years back and continues to be part of Block of Asset viz. Building despite the fact that factual matrix surrounding these two properties had undergone substantial change over years which cannot be given complete go bye.

Thus, the appeal of the assessee stands dismissed.

2) ***Issue Involved:***

Assessee had declared gain arising on purchase and sale of shares as short-term capital gain. However, the Revenue viewed that the shares were held for a short period and meant for the purpose of business and hence, the said gain would be a part of business activity. Accordingly, the same must be brought to tax under the head 'business income'. Also, the assessee had disclosed the shares as investment in the balance sheet and not as current asset. Whether the assessee was entitled to treat gains arising on purchase and sale of shares as short-term capital gain.

- *Suresh Babulal Shah HUF v. Deputy Commissioner of Income-tax, Circle 1(1), Pune, ITA No. 2136 of 2014 dated (17-08-2016).*

Gist of the Case:

The assessee Suresh Babulal Shah HUF, declared gain arising on purchase and sale of shares as short-term capital gain. The Assessing Officer was of the view that considering the volume, frequency, continuity and regularity of the purchase and sale of transactions of shares, the assessee was not justified in treating the said gains as STCG and therefore, treated the income declared by the assessee under the head 'short-term capital gain' as 'business income'. He, accordingly, concluded that the disputed gain was a systematic course of activity with set purpose and was in the nature of business.

The Commissioner (Appeals) affirmed the order of the Assessing Officer. In appeal, before the Tribunal, the assessee argued that various shares held by it were reflected in its balance sheet, under the head 'investment' and not as 'current asset'. The assessee further argued that the resultant short-term capital gain declared included gains on several transactions where the shares were subscribed in initial public offerings and sold after listing.

Held:

The gains amounting to Rs. 13,59,669 were declared by the assessee as short term capital gain chargeable under section 45 of the act. As per the scheme of the Act, the assessee is entitled to beneficial treatment in taxation on short-term capital gains and long-term capital gains on sale of shares and securities listed on a recognize stock exchange. Accordingly, the assessee has sought to avail the concessional tax treatment being 15% of the gains chargeable to tax under section 111A in respect of capital gains offered that arose to him. The

DIRECT TAX

revenue, on the other hand, contended that the gain arising on purchase and sale of shares is nothing but a business activity and therefore taxable under the head 'business income'. By doing so, the revenue has sought to forfeit the concessional tax treatment available to the assessee u/s 111A .

The controversy, in essence was whether the transactions of purchase of shares and sale thereof tantamount to an investment activity or a trading activity. Addressing the Controversy, it was seen that the assessee has declared the purchase of shares and holding thereof at the end of the year under the head 'investments' which connotes capital transaction unlike where these shares stock held as trading asset and is declared under the head 'current asset' in cases where the assessee intend to carry on a business activity. Also it was noted that the assessee at the beginning of the year was barely holding few scrips under the head 'investments' and several transactions giving rise to gain are acquired by way of initial public offering which were re-sold after the same were listed in the stock exchange. It was noticed that the assessee was holding barely 16 scrips at the end of the financial year. 2007-08 relevant to assessment year 2008-09. This kind of factual data does not support the case of the revenue that the assessee was indulging in any sort of systematic or organized business activity.

Notably, the assessee has reportedly paid Securities Transaction Tax (STT) towards sale of shares in question.

There is no reason to challenge the declared intention of the assessee that the share were acquired as capital asset. In the aforesaid view of the matter, there is considerable merit in the arguments raised on behalf of the assessee. Hence, the assessee is entitled to treat the gains arising on purchase and sale of shares in the disputed assessment year as short-term capital gains as claimed. Accordingly, the action of the revenue on the issue was reversed and the contention of the assessee stands valid.

-Compiled by Misba Shah

GST

Notifications

1) Notification No. 63, 64, 65, 66 & 67 /2019-Central Tax, Dated 12th December, 2019

For registered persons whose principal place of business is in the State of Jammu and Kashmir, the time limit for furnishing the details in FORM GSTR-1, GSTR 7 & GSTR 3B of Central Goods and Services Tax Rules, 2017, for each of the months from July, 2019 to October, 2019 has been extended till 20th December,2019.”

2) Notification No. 68/2019-Central Tax, Dated 13th December, 2019

The following sub rules has been inserted in Rule 48 : Manner of issuing invoice -

(4) The invoice shall be prepared by such class of registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in FORM GST INV-01 after obtaining an Invoice Reference Number by uploading information contained therein on the Common Goods and Services Tax Electronic Portal in such manner and subject to such conditions and restrictions as may be specified.

(5) Every invoice issued by a person to whom sub-rule (4) applies in any manner other than the manner specified in the said sub-rule shall not be treated as an invoice.

If the invoice is prepared as per the above sub - rule, there is no need to prepare invoice in triplicate in case of supply of goods & in duplicate in case of supply of services.

3) Notification No. 69/2019–Central Tax, Dated 13th December, 2019

The Government notifies the Common Goods and Services Tax Electronic Portal for the purpose of preparation of the invoice in terms of sub-rule(4) of rule 48 of the aforesaid rules, namely:-

- (i) www.einvoice1.gst.gov.in; (ii) www.einvoice2.gst.gov.in;
- (iii) www.einvoice3.gst.gov.in; (iv) www.einvoice4.gst.gov.in;
- (v) www.einvoice5.gst.gov.in; (vi) www.einvoice6.gst.gov.in;
- (vii) www.einvoice7.gst.gov.in; (viii) www.einvoice8.gst.gov.in;
- (ix) www.einvoice9.gst.gov.in; (x) www.einvoice10.gst.gov.in

4) Notification No. 70/2019–Central Tax, Dated 13th December, 2019

The Central Government, on the recommendations of the Council, hereby notifies registered persons whose aggregate turnover in a financial year exceeds one hundred crore rupees, as a class of registered persons who shall prepare invoice in terms of sub-rule (4) of rule 48 of the said rules in respect of supply of goods or services or both to a registered person.

5) Notification No. 71/2019–Central Tax, Dated 13th December, 2019

The Government, on the recommendations of the Council, hereby appoints the 1st day of April, 2020, as the date from which the provisions of the Rule 46 (Tax Invoice) of the CGST Rules, 2017 shall come into force.

INDIRECT TAX

6) Notification No. 72/2019-Central Tax, Dated 13th December, 2019

The Government, on the recommendations of the Council, hereby notifies that an Invoice issued by a registered person, whose aggregate turnover in a financial year exceeds five hundred crore rupees, to an unregistered person (hereinafter referred to as B2C invoice), shall have Quick Response (QR) code.

Provided that where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.

7) Notification No. 73/2019-Central Tax, Dated 23rd December, 2019

The due date for filing GSTR 3B for the month of November'2019 has been extended for three days till 23rd November'2019.

8) Notification No. 74/2019-Central Tax, Dated 26th December, 2019

The amount of late fee payable under section 47 of the CGST Act shall stand waived for the registered persons who failed to furnish the details of outward supplies in FORM GSTR-1 for the months/quarters from July, 2017 to November, 2019 by the due date but furnishes the said details in FORM GSTR-1 between the period from 19th December, 2019 to 10th January, 2020."

9) Notification No. 75/2019-Central Tax, Dated 26th December, 2019

The restriction of availment of ITC is imposed in respect of those invoices/debit notes, details of which are required to be uploaded by the suppliers and which have not been uploaded i.e. those invoices which are not reflecting in GSTR 2A.

INDIRECT TAX

ITC that can be claimed in respect of those invoices which are not reflecting in GSTR 2A is 10% of the eligible credit reflecting in GSTR 2A of the said month.

Also Rule 86A has been inserted :

“86A. Conditions of use of amount available in electronic credit ledger.-

(1) The Commissioner or an officer authorised by him in this behalf, not below the rank of an Assistant Commissioner, having reasons to believe that credit of input tax available in the electronic credit ledger has been fraudulently availed or is ineligible in as much as the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36-

i. Issued by a registered person who has been found non-existent or not to be conducting any business from any place for which registration has been obtained;

or

ii. Without receipt of goods or services or both; or

b) the credit of input tax has been availed on the strength of tax invoices or debit notes or any other document prescribed under rule 36 in respect of any supply, the tax charged in respect of which has not been paid to the Government; or

c) the registered person availing the credit of input tax has been found non-existent or not to be conducting any business from any place for which registration has been obtained; or

d) the registered person availing any credit of input tax is not in possession of a tax invoice or debit note or any other document prescribed under rule 36,

INDIRECT TAX

may, for reasons to be recorded in writing, not allow debit of an amount equivalent to such credit in electronic credit ledger for discharge of any liability under section 49 or for claim of any refund of any unutilised amount.

(2) The Commissioner, or the officer authorised by him under sub-rule (1) may, upon being satisfied that conditions for disallowing debit of electronic credit ledger as above, no longer exist, allow such debit.

(3) Such restriction shall cease to have effect after the expiry of a period of one year from the date of imposing such restriction.”. In the said rules, with effect from the 11th January, 2020, in rule 138E, after clause (b), the following clause shall be inserted, namely:-

“(c) being a person other than a person specified in clause (a), has not furnished the statement of outward supplies for any two months or quarters, as the case may be.”.

10) Notification No. 76/2019-Central Tax, Dated 26th December, 2019

For registered persons whose principal place of business is in the State of Assam, Manipur or Tripura, the time limit for furnishing the details of outward supplies in FORM GSTR-1 of Central Goods and Services Tax Rules, 2017, by such class of registered persons having aggregate turnover of more than 1.5 crore rupees in the preceding financial year or current financial year, for the month of November, 2019 has been extended till 31st December, 2019.”

11) Notification No. 77/2019-Central Tax, Dated 26th December, 2019

The return in FORM GSTR-3B for the month of November, 2019 for registered persons whose principal place of business is in the State of Assam, Manipur,

Meghalaya or Tripura, shall be furnished electronically through the common portal, on or before the 31st December, 2019.”

12) Notification No. 78/2019-Central Tax, Dated 26th December, 2019

The return by a registered person, required to deduct tax at source under the provisions of section 51 of the CGST Act in FORM GSTR-7 of the Central Goods and Services Tax Rules, 2017 under sub-section (3) of section 39 of the CGST Act read with rule 66 of the Central Goods and Services Tax Rules, 2017, for the month of November, 2019, whose principal place of business is in the State of Assam, Manipur or Tripura, shall be furnished electronically through the common portal, on or before the 25th December, 2019.”

Circulars :

1) Circular No. 127/46/2019 - GST, Dated 04th December, 2019

Circular No. 107/26/2019-GST dated 18.07.2019 wherein certain clarifications were given in relation to various doubts related to supply of Information Technology enabled Services (ITeS services) under GST has been withdrawn ab-initio.

Kindly follow the below link for the detailed clarification:

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/circular-cgst-107.pdf>

2) Circular No. 128/47/2019 - GST, Dated 23rd December, 2019

The Board has issued clarification regarding generation & quoting of Document Identification No. (DIN) on any communication issued by the officers of the CBIC to taxpayers & other concerned persons.

Kindly follow the below link for the detailed clarification:

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/circular-cgst-128.pdf>

3) Circular No. 129/48/2019 – GST, Dated 24th December, 2019

Section 46 of the CGST Act read with rule 68 of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the “CGST Rules”) requires issuance of a notice in FORM GSTR-3A to a registered person who fails to furnish return under section 39 or section 44 or section 45 (hereinafter referred to as the “defaulter”) requiring him to furnish such return within fifteen days. Further section 62 provides for assessment of non-filers of return of registered persons who fails to furnish return under section 39 or section 45 even after service of notice under section 46.

A standard operating procedure has been prescribed that is to be followed in case of non-filers of returns.

Kindly refer the below mentioned link for the detailed procedure :

<http://www.cbic.gov.in/resources//htdocs-cbec/gst/circular-cgst-129.pdf>

Removal of difficulty orders :

1) Order No. 9/2019 – Central Tax dated 03rd December,2019

The last date for filing of appeals before the GST Appellate Tribunal against orders of Appellate Authority on account of non-constitution of benches of the Appellate Tribunal has been extended as follows :

(a) the “three months from the date on which the order sought to be appealed against is communicated to the person preferring the appeal” in sub-section (1) of section 112, the start of the three months period shall be considered to be the later of the following dates:-

(i) date of communication of order; or

INDIRECT TAX

(ii) the date on which the President or the State President, as the case may be, of the Appellate Tribunal after its constitution under section 109, enters office;

(b) the “six months from the date on which the said order has been passed” in sub-section (3) of section 112, the start of the six months period shall be considered to be the later of the following dates:-

(i) date of communication of order; or

(ii) the date on which the President or the State President, as the case may be, of the Appellate Tribunal after its constitution under section 109, enters office.

2) Order No. 10/2019 - Central Tax dated 26th December, 2019

The last date for furnishing of Annual Return/Reconciliation Statement in Form GSTR 9 & GSTR 9C respectively for F.Y. 2017-18 has been extended till 31st January, 2020.

Compiled by:- Kajal Jagiasi & Tushar Zore

RBI**1. RBI/2019-20/111
DPSS (CO) RPPD No.1097/04.03.01/2019-20****Availability of National Electronic Funds Transfer (NEFT) System on 24x7 basis**

- Please refer to our circular DPSS (CO) RPPD No.510/04.03.01/2019-20 dated August 30, 2019 regarding availability of NEFT on a 24x7 basis.
 - It has been decided that the above facility shall be made available from December 16, 2019 with the first settlement taking place after 00:30 hours on December 16, 2019 (i.e. night of December 15, 2019).
 - Member banks are advised to note the following:
- There will be 48 half-hourly batches every day. The settlement of first batch will commence after 00:30 hours and the last batch will end at 00:00 hours.
- The system will be available on all days of the year, including holidays.
- NEFT transactions after usual banking hours of banks are expected to be automated transactions initiated using 'Straight through Processing (STP)' modes by the banks.
- The existing discipline for crediting beneficiary's account or returning the transaction (within 2 hours of settlement of the respective batch) to originating bank will continue.
- Member banks will ensure sending of positive confirmation message (N10) for all NEFT credits.
- All provisions of NEFT procedural guidelines will be applicable for NEFT 24x7 transactions as well.
- Member banks are expected to keep adequate liquidity in their current account with Reserve Bank of India at all times to facilitate successful posting of NEFT batch settlements.
- Member banks are also advised to initiate necessary action and ensure availability of all necessary infrastructural requirements at their end for providing seamless NEFT 24x7 facility to their customers. Banks may disseminate information on the extended timings for NEFT to all their customers.
- This directive is issued under Section 10(2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

2. Notification No. FEMA 23(R)/(2)/2019-RB

Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2019

- In exercise of the powers conferred by clause (a) of sub-section (1), sub-section (3) of section 7 and clause (b) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 [[Notification No. FEMA 23\(R\)/2015- RB dated January 12, 2016](#)] (hereinafter referred to as 'the Principal Regulations'), namely:

Short title and commencement:-

- These Regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2019.
- They shall come into force from the date of their publication in the [official Gazette](#).
- In the Principal Regulations, in regulation 4, after sub-regulation (e), the following shall be inserted, namely :-
- *“(ea) re-export of leased aircraft/ helicopter and/or engines/auxiliary power units (APUs) re-possessed by overseas lessor and duly de-registered by the Directorate General of Civil Aviation (DGCA) on the request of Irrevocable Deregistration and Export Request Authorisation (IDERA) holder under ‘Cape Town Convention’ subject to permission by DGCA/Ministry of Civil Aviation for such export/s.”*

3. RBI/2019-20/115

FMOD.MAOG.No.138/01.01.001/2019-20

Liquidity Support (LS) Facility - NEFT 24 x 7

- As announced in the [Statement on Developmental and Regulatory Policies dated October 4, 2019](#), in order to facilitate smooth settlement of NEFT transactions in the accounts of the member banks maintained with the Reserve Bank in a 24x7 environment, it has been decided to provide an additional collateralized intra-day liquidity facility, to be called Liquidity Support (LS).

The salient features of the scheme are as under:

- LS facility will be available for facilitating NEFT settlements, on 24x7 basis. The LS facility will operate as per the same terms and conditions as the Intra-Day Liquidity (IDL) facility.
- All member banks eligible for the IDL facility will be eligible to avail of the LS facility.
- The limit for LS facility would be set by the Reserve Bank from time to time. Drawings under the LS facility shall be reckoned as part of the eligible IDL limit.
- The margin requirement on LS facility would be similar to that of IDL facility.
- Outstanding drawing at the end of the day under the LS facility will be automatically converted into borrowing under the Marginal Standing Facility (MSF).
- The above MSF borrowing reversal will take place along with other LAF operations as is currently being done.
- The extant instructions on intra-day-liquidity and reversal of IDL shall continue, as hitherto.
- The Reserve Bank may review the facilities based on the experience gained in operationalizing the scheme.
-

4. RBI/2019-20/116

DPSS (CO) RPPD No.1140/04.03.01/2019-20

**Furthering Digital Payments - Waiver of Charges -
National Electronic Funds Transfer (NEFT) System**

- In order to give further impetus to digital retail payments, it has now been decided that member banks shall not levy any charges from their savings bank account holders for funds transfers done through NEFT system which are initiated online (viz. internet banking and/or mobile apps of the banks).
- This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall be effective from January 1, 2020.

5. RBI/2019-20/125

DOR (PCB).BPD.Cir.No.7/13.05.000/2019-20

Reporting of Large Exposures to Central Repository of Information on Large Credits (CRILC) - UCBs

- Please refer to paragraph 2 of the Statement on Developmental and Regulatory Policies dated December 5, 2019 on 'Primary (Urban) Co-operative Banks - Reporting to Central Repository of Information on Large Credits (CRILC)'
- It has been decided that Primary (Urban) Co-operative Banks (UCBs) having total assets of ₹500 crore and above as on 31st March of the previous financial year shall report credit information, including classification of an account as Special Mention Account (SMA)*, on all borrowers having aggregate exposures of ₹5 crore and above with them to Central Repository of Information on Large Credits (CRILC) maintained by the Reserve Bank. Aggregate exposure shall include all fund-based and non-fund based exposure, including investment exposure on the borrower.
- UCBs should take utmost care about data accuracy and integrity while submitting the information /data on large credit to RBI, failing which penal action as per the provisions of the Banking Regulation Act, 1949 may be taken.

***Special Mention Account (SMA)**

Special Mention Account (SMA) is an account which is exhibiting signs of incipient stress resulting in the borrower defaulting in timely servicing of her debt obligations, though the account has not yet been classified as NPA as per the extant RBI guidelines. 4. To start with, UCBs will be required to submit CRILC Report on quarterly basis with effect from December 31, 2019. Detailed operating instructions will be issued shortly by Department of Supervision, Reserve Bank of India.

6. RBI/2019-20/126

DPSS.CO.PD No.1227/02.31.001/2019-20

Enhancing facilitation of National Electronic Toll Collection (NETC) system

- India is progressing ahead with NETC gaining large scale acceptance. Currently, the NETC system allows linking of FASTags with bank accounts - savings, current and prepaid.

- In order to further broad base this system by allowing more payment choices for the customers, as well as for fostering competition among the system participants, all authorized payment systems and instruments [non-bank PPIs, cards and Unified Payments Interface (UPI)] shall from now be permitted for linking with the FASTags, which can be used for various types of payments (vehicle toll, parking fee, etc.).
- The Turn Around Time (TAT) for resolving failed transactions advised vide [circular DPSS.CO.PD No.629/02.01.014/2019-20 dated September 20, 2019](#) shall also be applicable to the transactions carried out in the NETC system.
- The transactions in the NETC system can be performed without any Additional Factor of Authentication (AFA) and / or pre-transaction notification / alert.
- NPCI shall facilitate requests received from banks / non-banks in this regard.
- This directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

For more details, refer the website rbi.org.in

- Compiled by Arluv Almeida

CIRCULARS:

Relaxation of additional fees and extension of last date of filing of

CRA-4 (cost audit report) for FY 2018-19 under the Companies Act, 2013
reg:

1. In continuation to this Ministry's General Circular No. 12 / 2019 dated 24.10.2019 on the above subject and in view of several representations received from various stakeholders for extension of last date, it is informed that the last date of filing of CRA-4 (cost audit report) for all eligible companies for the Financial Year 2018-19, without payment of additional fee, has been further extended till 29.02.2020.
2. It may be noted that the said extension is given for the entire process starting from 'preparation of Annexures to the Cost Audit Report' to 'submission of Cost Audit Report by the Cost Auditor to the Company' and finally, filing of Cost Audit Report by the Company with the Central Government'
3. This issues with the approval of the competent authority.

-Compiled By Jyoti Kadu.

HUNAR HAAT





-Sagar Mohite

Allow us to tell you more!



R.C. JAIN & ASSOCIATES LLP
Chartered Accountants
Website: www.rcjainca.com

Head Office:

Mumbai -

622-624, The Corporate Centre,
Nirmal Lifestyles, L.B.S. Marg,
Mulund (W),
Mumbai – 400080.
Email: info@rcjainca.com
Phone: **25628290/91, 67700107**

Branch Offices:

Bhopal -

302, Plot No. 75 B, First Floor,
Above Apurti Supermarket,
Near Chetak Bridge,
Kasturba Nagar, Bhopal.
Madhya Pradesh- 462 001
Email: hmjainca@rediffmail.com
Phone: **0755-2600646**

Aurangabad -

Su-Shobha, Plot No.7,
Mitranagar, Behind Akashwani,
Near Maratha Darbar Hotel,
Aurangabad - 431001.
Email: sskasliwal@gmail.com
Phone: **0240-2357556**

