

DEVMANTRA TIMES

MARCH EDITION

ISSUE NO : 03, DATE : 06th MAR 2021



DIRECT TAX

Regulatory Updates

1. Charitable trust and institutions future planning in view of the Finance Bill proposal.

Few things Charitable trusts & institutions should take care of:

Raising limit for exemption under sub-clause (iiad) and (iiiae) of section 10(23C):

As per Rule 2BC, existing prescribed limit is Rs.1 Crore each for sub-clause (iiad) and (iiiae) of section 10(23C).

In order to provide benefit to small trusts and institutions, this limit has been increased to Rs.5 Crore w.e.f 1st April, 2022. **Here, the notable point is that this limit of Rs.5 Crore is blanket limit. Hence if the trust is running educational as well as medical institution, such trust can**

avail exemption after amendment only when aggregate receipts from educational and medical institution shall not exceed Rs.5 Crore. This amendment is applicable from the assessment year 2022-23.

So, the trust should take care of future receipts.

Changes in provisions of accumulation of income for the trust:

It has been proposed w.e.f. 1st April, 2022 that to claim exemption for corpus donation, the trust has to invest such corpus donation in forms or modes specified in section 11(5) maintained specifically for the corpus. The application of income from corpus donation will not be treated as mandatory 85% of application of income.

It will be allowed as application of income, only when it is deposited back to corpus to the extent of such deposit or investment.

Similarly, some trusts have obtained loan or borrowings from bank or financial institution and made application of income out of loan proceeds. Moreover, such trusts have again at the time of repayment of such loan, claimed it as application of income. This has resulted in double deduction. **Hence it has been proposed w.e.f 1st April, 2022 that application from proceeds of loan or borrowings shall not be considered as application of income. However, when loan or borrowing is repaid from the income of previous year, it will be considered as application of income.**

Deployment of loan or borrowings cannot be treated as application of income. Hence utilization of loan will be treated application of loan raised and not application of income of the trust. Only repayment of loan will be treated as application of income.

Set off of income from accumulation of income.

In Finance Bill, 2021, an amendment has been made to the effect that utilization of corpus donation will not be treated as application of income. Hence to further restrict application of corpus donation, It is proposed w.e.f. 1st April, 2022 that no set-off or deduction or allowance of any excess application of any preceding previous year shall be allowed for computation of income required to be applied or accumulated during the previous year.

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Important Judgements



1. Woman-friendly Judgment from Tax Tribunal:

ITAT grants Exemption Amount invested in the purchase of residential housing in widowed Daughter's name.

The Income Tax Appellate Tribunal (ITAT), Bangalore has ruled that amount invested in purchase of residential house in daughter's name is eligible for exemption under section 54F of the Income Tax Act, 1961.

It was held that the , "the assessee's married widowed daughter is having no independent source of income and is fully dependent on the assessee, Being so, in our opinion, the statute should be construed liberally; since the provisions permit economic growth has to be interpreted liberally, restriction on it too has to be construed so as to advance the objective of the provisions not to frustrate it. Accordingly, we are of the opinion that the assessee has invested the sale consideration on transfer of Capital Asset in purchasing a new residential property in the name of married widowed dependent daughter of the assessee and also legal heir of the assessee."

Compliance Calendar

07.03.2021	Payment of TDS/TCS deducted /collected in February 2021
15.03.2021	Advance Tax payment for the quarter of Jan to March 2021
15.03.2021	E-payment of Provident Fund
15.03.2021	ESI payment
31.03.2021	Extended due date to file TDS return for AY 2020-21 (Extended due date)
31.03.2021	Filing ITR for AY 2020-2021 with penalty for both audit and non audit cases.
31.03.2021	Payment of Tax under Vivad se Vishwas act, 2020
31.03.2021	Last date to revise ITR for the financial year 2019-20

GST Regulatory Updates



1.Fixed Sum Method of Tax Payment for taxpayers under QRMP Scheme

With effect from 1st January, 2021, following two options are available to the Taxpayers who are under Quarterly Returns and Monthly Payment of Tax (QRMP) Scheme for tax payment for the first 2 months of a quarter: a. Fixed Sum Method: Portal can generate a pre-filled

challan in Form GST PMT-06 based on his past record. b. Self-Assessment Method: The Tax due is to be paid on actual supplies after deducting the Input Tax Credit available.

In fixed sum method, the 35% Challan can be generated by selecting the Reason for Challan>Monthly Payment for Quarterly Return> 35% Challan which in turn is calculated as per following situation:

a. 35% of amount paid as tax from Electronic Cash Ledger in their preceding quarter GSTR 3B return, if it was furnished on quarterly basis

b. or b. 100% of the amount paid as tax from Electronic Cash Ledger in their GSTR-3B return for the last month of the immediately preceding quarter, if it was furnished on monthly basis.

For the months of January, 2021 and February, 2021, in Q4 of 2020-21, the auto-populated challan generated under 35% Challan would contain 100% of the tax liability discharged from Electronic Cash Ledger for the month of December, 2020 (and not 35%). This is because until December 2020, all taxpayers were filing GSTR-3B return on a monthly basis. From April, 2021 onwards, the pattern as suggested at Para 2 (a) and (b) would follow.

Further, it shall be noted that the taxpayers are not required to deposit any amount for the first 2 months of a quarter, if: a) Balance in Electronic Cash Ledger / Electronic Credit Ledger is sufficient for tax due for the first/ second month of the quarter; or b) There is Nil tax liability

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2.Changes in GSTR 1

The Goods and Service Tax Network (GSTN) has notified the Upcoming changes in GSTR-1 Table-12 on GST Portal. The Upcoming changes in Table-12 format of GSTR-1 Return are changes in the format of GSTR-1 Return and changes in the number of digits of the HSN Code to be reported. From 1st April 2021 onwards, it is mandatory to report a minimum 4 digit or 6 digits of HSN Code in Table-12 of GSTR-1 on the basis of Aggregate Turnover on PAN in the preceding Financial Year.

If the Aggregate Turnover is Upto Rs. 5 Crore then Minimum 4 digit reporting of HSN Code, Mandatory reporting of all B2B supplies & exports (includes supplies made to SEZ units & developers and Deemed Exports) and Optional reporting of HSN Code for all B2C supplies will be there.

If the Aggregate Turnover is more than Rs. 5 Crore the Minimum 6 digit reporting of HSN Code and mandatory reporting of all supplies, including exports (includes supplies made to SEZ units & developers and Deemed Exports).

3.Dynamic QR Code on B2C invoices

Various references have been received from trade and industry seeking clarification on applicability of Dynamic Quick Response (QR) Code on B2C (Registered person to Customer) invoices and compliance of Notification No. 14/2020-Central Tax, dated 21st March, 2020 as amended.

CBIC has now issued clarifications regarding the same requiring Dynamic QR Code on B2C invoices issued by taxpayers having aggregate turnover of more than 500 crore rupees w.e.f. 01.04.2021 vide Circular No. 146/02/2021-GST dated 23rd February, 2021.



4.GSTN enables Option to withdraw Nil Refund application on GST portal

Presently, the unintentional selection of 'Nil' refund filing and once a 'Nil' refund claim has been filed for a period under a particular category, re-filing the refund claim for that opted period under that particular category can not be done on the common portal.

Consequently, many registered persons requested for a mechanism that will allow them to re-file the refund claim for the period and the category under which the NIL refund claim was inadvertently filed initially. Therefore, the GSTN had decided to overcome this issue by enabling the option to withdraw Nil Refund applications on the Goods and Service Tax (GST) portal which will ensure the uniform implementation of the provision of Law.

Important Judgements

1.18% GST applicable on Hand Sanitizer: AAR Bangalore

2.Eligibility under Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 to be decided after hearing the declarant: Bombay High Court.



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3.The Blocking of Electronic credit Ledger under rule 86A of the CGST Rules is permissible only in circumstances mentioned in the said rule and not for recovery of tax dues of the entity . LD/69/117,[2021-TIOL-147-HC-AH M-GST] Nipun a Bhagat Proprietor of Steel Kraft Industries Vs. State Of Gujarat, 04/01/2021

4.Yulu Bikes Private Limited.

The Appellate Authority set aside the ruling No.KAR ADRG 49/2020 dated: 30.09.2020 passed by the Advance Ruling Authority and answer the question of the

Appellant as follows:

"Renting of e-bikes/bicycles without operator is classifiable under SAC 9973 - Leasing or rental services without operator

and rate of tax as applicable under entry SI.No.17(viia) of Notification No.11/2017 CT(R) dated 28th June 2017 as amended is applicable to the instant case."

5.Midcon Polymers Pvt Ltd.

The Appellate Authority modify the advance ruling No.KAR ADRG 48/2020 dated 16-09-2020 and answer the questions raised by the Appellant in the original advance ruling application and in this appeal, as follows:

1. For the purpose of arriving at the value of rental income, the Appellant cannot deduct the amount paid as property tax to the Municipal Authority or any other satutory levies levied under any law for the time being in force, other than the CGST, SGST, IGST and Compensation Cess, subject to the condition that it is charged separately by the Appellant.

2. For the purpose of arriving at the total rental income, the notional interest earned on the security deposit is not to be taken into consideration.

6.5% GST on Supply of Food inside the Restaurant (branch) situated in Zoological Garden: AAR GST



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GST Compliance Calendar

Due Dates	Forms	Period	Description
March 10, 2021	GSTR-7	February, 2021	Return for Tax Deducted at source to be filed by Tax Deductor
March 10, 2021	GSTR-8	February, 2021	E-Commerce operator registered under GST liable to TCS
March 11, 2021	GSTR-1	February, 2021	Taxpayers having an aggregate turnover of more than Rs. 1.50 Crores (> Rs 1.50 Cr) or opted to file Monthly Return
March 13, 2021	GSTR-2B	February, 2021	Auto generated ITC statement
March 13, 2021	GSTR-1	January-March, 2021	Optional for taxpayers who have opted for Quarterly Return Monthly Payment (“ QRMP ”) Scheme
March 13, 2021	GSTR-6	February, 2021	Every Input Service Distributor (ISD)
March 20, 2021	GSTR-3B	February, 2021	Taxpayers having an aggregate turnover of more than rupees 5 Crores (> Rs 5 Cr) in the preceding financial year
March 20, 2021	GSTR-5 & 5A	February, 2021	Non-resident taxable person and ODIAR services provider file Monthly GST Return
March 22, 2021	GSTR-3B	February, 2021	Taxpayer having turnover upto ₹5 Crores in previous financial year (monthly return) in the state of: <ul style="list-style-type: none"> • Chhattisgarh • Madhya Pradesh • Gujarat • Daman and Diu and Dadra and Nagar • Haveli • Maharashtra • Karnataka • Goa • Lakshadweep • Kerala • Tamil Nadu • Puducherry • Andaman & Nicobar island • Telangana • Andhra Pradesh

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March 24, 2021	GSTR-3B	February, 2021	<p>Taxpayer having turnover upto ₹5 crores in previous financial year (monthly return) in the state of:</p> <ul style="list-style-type: none"> • Jammu and Kashmir • Ladakh • Himachal Pradesh • Punjab • Chandigarh • Haryana • Delhi • Rajasthan • Uttar Pradesh • Bihar • Sikkim • Arunachal Pradesh • Nagaland • Manipur • Mizoram • Tripura • Meghalaya • Assam • West Bengal • Jharkhand • Odisha • Uttarakhan
March 25, 2021	PMT- 06	February, 2021	Taxpayers having an aggregate turnover of less than rupees 5 Crores (< Rs 5 Cr) and opted for QRMP Scheme
March 31, 2021	GSTR-9	FY 2019-20	Optional for taxpayer having an aggregate turnover of less than rupees 2 Crores (< Rs 2 Cr) to file Annual Return
March 31, 2021	GSTR-9	FY 2019-20	Mandatory for taxpayer having an aggregate turnover of more than rupees 2 Crores (> Rs 2 Cr) to file Annual Return
March 31, 2021	GSTR-9A	FY 2019-20	Optional for taxpayer registered under composition scheme to file Annual Return
March 31, 2021	GSTR-9C	FY 2021-22	Taxpayers having an aggregate turnover of more than rupees 5 Crores (> Rs 5 Cr) to file Audited Annual Accounts & Reconciliation Statement
March 31, 2021	CMP-08	FY 2021-22	Due date for opting for composition scheme