KATALYST
ADVISORS LLP

Katalyst Kaleidoscope

May 2021: Tax and Regulatory Insights

Summary of Contents

A. Income Tax highlights

1. Mumbai ITAT: carry forward of short-term capital loss incurred by a company to whom India-Singapore DTAA was applicable allowed
2. Delhi ITAT: Section 206AA (levying highest applicable tax rate in absence of PAN) not to be applied when a more beneficial rate under the treaty is available
3. Mumbai ITAT: no withholding tax obligation on account of retrospective amendment in relation to indirect transfer of shares
4. Madras High Court: Revenue directed to make the portal more assessee-friendly; sets aside faceless assessment order
5. CBDT notifies Rules for determining fair value of assets for the purpose of slump sale
6. CBDT extends timelines in the light of COVID – 19
7. CBDT notifies Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Dividend and Interest Income
8. CBDT notifies thresholds for Significant Economic Presence

B. Corporate Law highlights

1. NCLAT allows selective capital reduction
2. NCLAT allows dispensation of meetings in a Scheme of Arrangement
3. Kerala High Court: An LLP is a legal person/body corporate capable of entering into partnership

C. SEBI Laws

1. SEBI notifies amendments to LODR Regulations

2. SEBI issues Consultation Paper on "Review of the regulatory framework of promoter, promoter group and group companies as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018"

3. SEBI's Consultation Paper on proposed framework for Gold Exchange in India and draft SEBI (Vault Managers) Regulations, 2021

4. SEBI Consultation Paper regarding Review and Merger of Debt Securities Regulations and Non-Convertible Preference Shares Regulations into SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021

5. National Stock Exchange issues Guidance Note on disclosures for related party transactions under the SEBI LODR reporting requirements

D. Goods and Service Tax highlights

1. Extension in due dates of filing GST Returns

2. Waiver of late fees and interest for late filing of GSTR-3B

3. Relaxation in conditions relating to ITC

A. Income Tax highlights

1. Mumbai ITAT: carry forward of short-term capital loss incurred by a company to whom India-Singapore DTAA was applicable allowed [1]

Goldman Sachs India Investments (Singapore) PTE Limited was a company incorporated in Singapore and registered with SEBI as an FII sub-account of Goldman Sachs & Co. It had incurred a short-term capital loss (during FY 2011-12) which was not allowed to be carried forward by the Assessing Officer ("AO") on the basis that since capital gains would be exempt from tax in India under the India-Singapore Double Taxation Avoidance Agreement ("DTAA"), the capital loss should also be ignored and not be eligible to be carried forward. This was confirmed by the DRP.

The Mumbai Tribunal observed that the AO can examine set-off of losses, it is not open to him to deny carry forward of losses. The Tribunal also took note of the co-ordinate bench's decision in the case of assessee's sister concern, wherein it was held that a tax treaty cannot be thrust upon a taxpayer and in case it does not opt for the tax treaty in one year, it would not be precluded from availing the benefits of the treaty in the subsequent years. In view thereof, the Tribunal held that since provisions of section 74 of the Income-tax Act, 1961 ("ITA") were more beneficial to the assessee than the India-Singapore DTAA in that year, it should be eligible to opt for the beneficial provisions and accordingly, carry forward the losses to subsequent years.

Katalyst Comments:

This is a welcome decision which re-affirms the well settled position that taxpayers are eligible to choose provisions of the ITA or the DTAA, whichever are beneficial and that such choice can be made year on year.

2. Delhi ITAT: Section 206AA (levying highest applicable tax rate in absence of PAN) not to be applied when a more beneficial rate under the treaty is available[2]

The assessee company is an airline company engaged in the business of transportation, which had taken an engine on lease from an entity which happens to be a tax resident of the Netherlands. The arrangement was such that the TDS was to be borne by the Assessee and

---

[1] Goldman Sachs India Investments (Singapore) PTE Limited [TS-294-ITAT-2021(Mum)]
[2] Air India Limited [TS-316-ITAT-2021(DEL)]

therefore the TDS was deposited sans any deduction from the payment. This was to be absorbed as a cost by the assessee. and was absorbed as cost. The assessee had reported these transactions without the PAN in the quarterly TDS statements. The Revenue issued demand notice against the Assessee on the grounds that there was short deduction of tax on account of non-provision of PAN of the Netherlands entity. The CIT(A) confirmed to the demand of the revenue authorities.

The ITAT relied on the judgment of the Delhi HC in *Danisco India* wherein it was held that "*a Double Taxation Avoidance Agreement acquires primacy in such cases, where reciprocating states mutually agree upon acceptable principles for tax treatment, the provision in Section 206AA (as it existed) has to be read down to mean that where the deductee i.e., the overseas resident business concern conducts its operation from a territory, whose Government has entered into a Double Taxation Avoidance Agreement with India, the rate of taxation would be as dictated by the provisions of the treaty*" and held that the assessee company had rightly deducted TDS @ 10% as per provisions contained under DTAA as section 206AA cannot have overriding effect on DTAA.

Katalyst Comments:

This is yet another favourable decision of the Delhi Tribunal on the matter that has already been addressed by the Delhi HC as well as Pune Tribunal in the case of Serum Institute and should hopefully bring an end to the litigation on the issue of whether non-availability of PAN would result in higher taxes in cases where DTAA is applicable.

3. Mumbai ITAT: no withholding tax obligation on account of retrospective amendment in relation to indirect transfer of shares[3]

The assessee, a Mauritius company, acquired 100% equity shares of a Singapore Company from a UK based Company in 2008. At the time of acquisition, the Singapore Company was a holding company of three subsidiaries, two of which were based in India. The AO was of the view that the transaction would be taxable as an indirect transfer of shares in India as per Explanation 5 to section 9(1)(i) of the ITA, which was introduced retrospectively by Finance Act 2012. Consequently, the AO was of the view that the assessee was liable to have withheld taxes under section 195(2) of the ITA on the payments made for the acquisition of the shares of the Singapore Company, deemed the assessee to be in default and raised demand under

[3] WNC Capital Investment Limited, Mauritius (ITA No. 3851/Mum/18)

sections 201(1) and 201(1A) of the ITA. This was reversed by the CIT(A) and the same was appealed against by the revenue authorities.

The Tribunal observed that the provision which imposes the tax withholding obligation on non-resident was introduced by the Finance Act, 2012 i.e. section 195(2) of the ITA, although purportedly with retrospective effect from April 1, 1962. The Tribunal referred to the recent Supreme Court decision in the case of Engineering Analysis and held that for any person to withhold tax based on an amendment in law, which has been enacted subsequent to the date on which the taxes were required to be withheld, is expecting that person to do the impossible. Therefore, the Singapore Entity cannot be held to be at default for not having deducted tax while making a payment to the UK entity.

Katalyst Comments:

The Tribunal's decision emphasizes yet again that a taxpayer cannot be held liable for actions that would be impossible to perform at the relevant point of time owing to a retrospective amendment.

4. Madras High Court: Directs Revenue to make portal more assessee-friendly; sets aside faceless assessment order

The petitioner-assessee had received a show cause notice along with the draft assessment order through the faceless assessment mechanism. In response to show cause notice, the petitioner has sought an adjournment and the request for adjournment and the same is affixed to the information submitted by the assessee. The adjournment is sought on the ground that the petitioner is collating materials necessary to substantiate its stand before the Officer.

However, the impugned order of assessment has been passed without taking note of the request of the petitioner for adjournment. The request for adjournment has not been rejected, neither the assessee duly intimated. Thus, there has been apparent violation of principles of natural justice. Thus, the High Court has set aside the Order and directed the petitioner to comply with the directions in the notice and intimate the Assessing Officer accordingly within a period of 3 weeks from the date of the order.

The respondents have also been directed to facilitate receipt of such reply by the petitioner by enabling the portal to receive the objections. Upon receipt of objections, the Assessing Authority will hear the petitioner and take forward the assessment and complete the same in accordance with law.

Katalyst Comments:

The faceless assessment scheme is a relatively new animal, for the both the tax payer and the department. Passing of order without adequate opportunities being provided is a clear violation of principles of natural justice.

5. CBDT notifies[4] Rules for determining fair value of assets for the purpose of slump sale

Finance Act, 2021 amended section 50B of the ITA, which deals with taxability of slump sale, to deem fair value of capital assets being transferred as the deemed consideration for transfer such capital assets by way of slump sale. However, the manner for determining such fair value was not prescribed until recently.

CBDT has, vide its notification, inserted Rule 11UAE in the Income-tax Rules, 1962 for this purpose. As per the said Rule, the fair value of the capital assets shall be higher of the fair value determined as per the formula provided ("FMV 1") or the monetary consideration received (adjusted for fair value of assets received as non-monetary consideration i.e. slump exchange, as per the formula provided) ("FMV 2").

The formula provided for determining FMV 1 is akin to determination of fair value for unquoted equity shares under Rule 11UA (section 50CA), modified to only consider the assets and liabilities of the undertaking/ division being transferred by way of slump sale. In brief, it shall be the net book value of the undertaking/ division, adjusted for fair value of jewellery/ artistic work, fair value of shares and securities determined as per Rule 11UA, and stamp duty value of immovable property.

FMV 2 will be the aggregate of the following:

(i) monetary consideration received (or accruing); and
(ii) fair value of assets received (or accruing) as non-monetary consideration (pursuant to slump exchange) as under:
   a. fair value as per Rule 11UA for assets covered under Rule 11UA,
   b. stamp duty value of immovable property, and
   c. price as per valuation report of a registered valuer for any other type of asset.

FMV 1 and FMV 2 are to be determined as on the date of slump sale.

Katalyst Comments:

In view of this Rule, slump sale of an undertaking/ business division, even as a part of internal group restructuring, may entail movement of significant cash (albeit, within the group) where the undertaking/ division consists of an immovable property or investments in listed securities

[4] Notification dt. May 24, 2021

(which is less likely) with fair values which are significantly higher than their book values. Further, from a stamp duty perspective, a slump sale agreement may continue to be subject to stamp duty on the actual consideration and should not require any adjustment for fair value of assets being transferred.

6. CBDT extends timelines in the light of COVID – 19

In the light of the ongoing pandemic, the CBDT has decided to extend the timelines in relation to certain compliances[5], some relevant compliances captured in the table below:

S No	Compliance	Original Due Date	New Due Date
1.	Issue of TDS certificates in Form 16 for FY 2020-21	June 15, 2021	July 15, 2021
2.	Furnishing of Return of Income for AY 2021-22 (non-corporates/ persons not subject to tax audit)	July 31, 2021	September 30, 2021
3.	Furnishing of Audit Report for FY 2020-21	September 30, 2021	October 31, 2021
4.	Furnishing Report in respect of International Transactions or Specified Domestic Transactions for FY 2020-21	October 31, 2021	November 30, 2021
5.	Furnishing of Return of Income for AY 2021-22 for corporate assessees, or persons subject to tax audit (transfer pricing not applicable)	October 31, 2021	November 30, 2021
6.	Furnishing of Return of Income for AY 2021-22 for assessees who are subject to transfer pricing provisions	November 30, 2021	December 31, 2021
7.	Belated Return and Revised Return for AY 2021-22	December 31, 2021	January 31, 2022

[5] Circular No. 9/2021 dt. May 20, 2021

7. CBDT notifies Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Dividend and Interest Income

Section 285BA of the ITA and Rule 114E of Income-tax Rules, 1962 requires specified reporting persons (banks, company issuing shares, listed company, etc.) to furnish statement of financial transaction ("SFT").

For the purposes of prefilling the return of income, CBDT has issued notifications[6] to include reporting of information relating to dividend and interest income. The new sub-rule 114E(5A) specifies that the information shall be furnished in such form, at such frequency, and in such manner, as may be specified by the Director General of Income Tax (Systems), with the approval of the Board. The guidelines for preparation and submission of Statement of Financial Transactions (SFT) information have also been provided. The data structure and validation rules have also been provided.

8. CBDT notifies thresholds for Significant Economic Presence

The concept of 'Significant Economic Presence' (SEP) was introduced into the ITA in 2018, with the intent of bringing income of non-residents operating in the online / digital space (such as e-commerce, online streaming, etc.) within the ambit of India-sourced income. Non-residents having SEP in India would be deemed to have a 'business connection' in India, and income attributable to the SEP would now be taxable in India (except in cases where a tax-treaty is applicable).

The thresholds for transactions that constitute an SEP have been provided by the CBDT vide a notification[7] which are as below:

S No	Criterion	Threshold
1.	Amount of aggregate payments arising from transaction or transactions in respect of any goods, services or property carried out by a non-resident with any person in India, including provision of download of data or software in India during the previous year	INR 2 Cr
2.	Number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction	3 Lakh users

These thresholds will come into force from 1 April 2022.

[6] Notification No. 1 and 2/2021 dt. 20 April, 2021
[7] Notification dt. May 3, 2021

B. Corporate Law Highlights

1. National Company Law Appellate Tribunal ("NCLAT") allows selective capital reduction[8]

The appellant company held 95.88% by a foreign company M/s. GCI Ventures (Promoters). The company had received requests from the non-promoter shareholders to provide them with an opportunity to dispose-off their shareholding in the company. In response to such request, the company proposed reduction of share capital held by the non-promoter shareholders in lieu of fair value consideration for the proposed share cancellation. This proposal was approved by the Board of Directors and the shareholders and subsequently, a petition under section 66 of the Companies Act, 2013 was filed.

The Regional Director made several observations in relation to the said petition, one of which was that the company intends to pay off only the select, non-promoter shareholders and it should have offered the scheme of capital reduction to all the shareholders. Based on the observations made, Bengaluru bench of the National Company Law Tribunal ("NCLT") held that selective capital reduction is an arrangement between the company and its shareholders or a class of them and hence, it is not covered under section 66 of the Companies Act, 2013 ("Cos Act"). Instead, it may be covered under sections 230-232 of the Cos Act and thus, the NCLT Bengaluru dismissed the petition under section 66 of the Cos Act.

The NCLAT observed that as per section 66 of the Cos Act, share capital reduction can be done in any manner and clauses (a) and (b) of section 66(1) are mere illustrations and not the only manner in which share capital may be reduced. The NCLAT relied on the ruling of the Bombay High Court in the case of Sandvik Asia[9] and Delhi High Court in the case of Reckitt Benckiser[10] and held that selective capital reduction is permissible since non-promoter are paid fair value and they have not raised any objections regarding the share valuation.

Katalyst comments

A very important decision by the NCLAT, it brings much needed clarity to companies undertaking or considering selective reduction of capital. In some other cases as well, NCLT

[8] Company Appeal (AT) No. 293 of 2019 in the case of Brillio Technologies Pvt. Ltd. dt. April 19, 2021

[9] Sandvik Asia Ltd. Vs. Bharat Kumar Padamsi & Ors. (2009) SCC Online Bom. 541

[10] Reckitt Benchkiser (India) Ltd. (2005) SCC Online Del. 674

and NCLAT benches have been of the same view[11] *and in a particular case, have permitted selective capital reduction on the basis that the valuation was without any irregularity, even when a minority shareholder objected (please refer our June 2020 publication).*

2. NCLAT allows dispensation of meetings in a Scheme of Arrangement[12]

The appeal in this case was against the order passed by the NCLT Ahmedabad Bench on not granting dispensation of the meeting of the equity shareholders and creditors of the Transferee Company. In this case, while the Transferee Company was registered under the jurisdiction of Gujarat State, the Transferor Company was registered in Maharashtra.

The Transferor Company had filed the Application with the NLT Mumbai bench seeking dispensation for the meeting of shareholders and creditors (since it was a wholly owned subsidiary of the Transferee and there was compromise with the creditors) and the same was allowed as prayed for. Therefore, the Transferee Company, owing to its registration in Gujarat, filed a separate Petition before the NCLT Ahmedabad bench but the NCLT did not grant dispensation of the meetings.

The NCLAT observed that the Transferee Company held 100% shares of the Transferor Company, there would be no issuance of any new shares and there was no arrangement with the shareholders or compromise with creditors of either companies. Therefore, relying on the ruling of the Bombay High Court in the case of Mahaamba Investments Ltd[13], held that a separate petition was not necessary to be filed. The NCLAT further relied on the NCLT Ahmedabad bench's order in the case of Vodafone Idea[14] and held that the NCLT ought to have dispensed with the meeting of the shareholders and creditors, as applied for by the Transferee Company.

---

[11] HSBC Invest Direct (India) Ltd. LSI-630-NCLT-2019(MUM); order dated 22 Oct 2019; U. P. Twiga Fiberglass Ltd CA No.405/ALD/2018, dated 28.05.2019, NCLT, Allahabad
[12] National Company Law Appellate Tribunal, Principal Bench, New Delhi Company Appeal (AT) No. 19 of 2021
[13] Mahaamba Investment Ltd vs. IDI Ltd. (2001) SCC Online Bom 1174
[14] CA (CAA) No.96 of 2019 dt. 09.09.2019

3. Kerala High Court: A Limited Liability Partnership ("LLP") is a legal person/body corporate capable of entering into partnership[15]

The Registrar of Firms ("RoF") passed an order declining registration of a partnership firm constituted by the petitioner which was challenged via a Writ Petition. This rejection was on account of the fact that, an LLP cannot be a partner of a firm. Accordingly, the question was whether LLP can be treated as a person which can be permitted to form a partnership with an individual.

The RoF's objection was based on the liability of the partners of LLP, stating that the same is confined to the terms in the agreement. The liability of partners of LLP and liability of the LLP as a partner under the Partnership Act would be different. The liability of partners in an LLP cannot have any relevance when the LLP itself becomes a partner, when it would be bound by the provisions in the Partnership Act. The liability of the LLP would thus be as in the case a company which joins a firm after entering into a partnership.

Section 4 of the Partnership Act permits Constitution of a firm or partnership between one or more persons. In this case the partnership deed was executed between an individual and an LLP which is a body corporate having a legal entity and coming within the definition of 'person'. Hence, an LLP cannot be disqualified from entering into a partnership with an individual or any other person. Accordingly, the order was set aside.

C. Securities' Law Highlights

1. SEBI notifies amendments to LODR Regulations[16]

SEBI, vide a gazette notification[17], notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 that were approved in SEBI's Board Meeting held on 25 March, 2021. Most of the amendments were already rolled out earlier as consultation papers in 2020. The amendments become effective from May 6, 2021; some key amendments are captured below:

#	Particulars	Modification
1.	Applicability of the Listing Regulations	• In terms of Regulation 3 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2013 ('Listing Regulations') the provisions of Listing Regulations are

[15] Jayamma Xavier v. Registrar of Firms, WP(C).No.257 41 of 2020, High Court of Kerala, dt. March 24, 2021
[16] SEBI Circular No. SEBI/HO/CFD/CMD1/P/CIR/2021/556 dt. April 29, 2021
[17] Notification dt. May 6, 2021

#	Particulars	Modification
		applicable to entities that list the designated securities on the stock exchange. • The Amendment Regulations clarify that the applicability of certain provisions of Listing Regulations based on market capitalisation will continue to apply even where the entities fall below the prescribed threshold.
2.	Composition of the Risk Management Committee	Regulation 21 of Listing Regulations requires listed entities to constitute a Risk Management Committee (RMC). Modifications have been made to the Composition, Quorum, Roles and Responsibilities, etc.
3.	Overriding powers of LODR Regulations	Earlier, proviso to Regulation 15(2)(b) provided a clear stipulation of overriding effect of specific statute in case of conflicting provisions. The Amendment Regulations provides for deletion of the said proviso.
4.	Reclassification of promoters into public – related exemptions and procedural changes	The amendments are as follows: • Relaxing the threshold of maximum voting rights allowed to be exercised by an outgoing promoter; • Suggestions regarding speeding up the process; • Extending the ambit of exemption from the procedure; • Disclosure of names of promoter group entities in the shareholding pattern
5.	Alignment with the provisions of the Companies Act, 2013	Certain amendments have been made to remove the gap between the provisions of LODR Regulations, with that of the Companies Act, 2013 as given below: • Separate meeting of independent directors; • Display of Annual Return on website; • Changes in requirements pertaining to placing of financial statements on website.

2. SEBI issues Consultation Paper[18] on "Review of the regulatory framework of promoter, promoter group and group companies as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018"

SEBI has sought comments on the proposed changes relating to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations"). Key changes proposed in the consultation paper are summarised below:

i. Reduction in lock-in period for promoters' and other shareholders' pre-IPO capital

Present lock-in periods of 3 years (for minimum promoters' contribution) and 1 year (for excess of minimum contribution) is proposed to be reduced to 1 year and 6 months respectively. Also, the pre-issue capital held by non-promoters is proposed to be locked-in only for 6 months (instead of 1 year).

ii. Rationalization of the definition of 'Promoter group'

SEBI has proposed to delete the provision which classifies a body corporate as part of the promoter group if common investors hold 20% equity in the company as well as in that body corporate.

iii. Shifting from concept of 'promoter' to concept of 'person in control'

The concept of promoter is proposed to be removed and 'person in control' or 'controlling shareholder' is proposed to be introduced.

3. SEBI's Consultation Paper on proposed framework for Gold Exchange in India and draft SEBI (Vault Managers) Regulations, 2021[19]

In the budget speech of FY 2021-22, the FM had announced that SEBI will be the regulator for a gold exchange (which was envisaged earlier already in the budget for FY 2018-19); the Warehousing Development and Regulatory Authority would also be strengthened to set up a commodity market eco system, including vaulting, assaying, logistics etc.

Post the budget announcement, following a discussion between the Ministry of Finance and SEBI, it was decided that SEBI would regulate the entire ecosystem of the proposed gold

[18] Dt. May 11, 2021
[19] Dt. May 17, 2021

exchange and SEBI would be the sole regulatory for gold exchange including for vaulting, assaying and gold quality and delivery standards.

Comments and suggestions on the report have been sought on or before June 18, 2021 on various aspects, including the following:

- Whether there should be a new exchange or existing stock exchange should be allowed to deal in EGR.
- Issues regarding denomination of trading.
- Safety features regarding vault managers.
- Need for incentives, exemptions etc. for tax structure to make the EGR more liquid.

4. SEBI Consultation Paper regarding Review and Merger of Debt Securities Regulations and Non-Convertible Preference Shares Regulations into SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021[20]

SEBI has issued the above consultation paper to solicit public comments/views on the merger of the SEBI Issue and Listing of Debt Securities Regulations 2008 ("ILDS Regulations") and SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 ("NCRPS Regulations") into a single regulation – SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 ("NCS Regulations"). The new NCS Regulations are intended to ease compliance burden on listed entities, harmonize with the Companies Act, 2013 and maintain consistency with the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("LODR Regulations"), SEBI (Debenture Trustees) Regulations, 1993 and circulars issued thereunder.

An attempt seems to have been made to facilitate ease of doing business in terms of various aspects, including the following:

- NCRPS Regulations presently restricts issuers with credit rating of less than AA- to come out with a public issue. Such restriction is not applicable even in other debt instruments such as municipal debt securities, securitized debt instruments. Hence it is proposed to do away with such minimum rating.

[20] Dt. May 19, 2021

- The requirement of minimum tenure of three years for public issue of NCRPS restricts the flexibility of the issuers to structure their issuance as per their resource requirement and raise funds through an issue of NCRPS. Hence, it is proposed to remove such requirement.

- The ILDS Regulations lay down the procedure to exercise call and put option in case of debt securities issued on public issue basis. It is proposed to extend the said provisions to issuances on private placement basis and also for NCRPS for both public issue and private placement basis.

- Presently, the minimum issue size for a public issue of debt securities is Rs. 100 crores. There is no minimum public issue size for NCRPS, securitized debt instruments, or municipal debt securities. The ICDR Regulations also do not contain any stipulation for a minimum issue size for equity shares and convertible instruments. Hence it is proposed that the requirement of minimum size, presently applicable only for debt securities, may be removed.

Comments have been requested within 21 days of the date of issue of the consultation paper.

5. National Stock Exchange issues Guidance Note on disclosures for related party transactions ("RPTs") under the SEBI LODR reporting requirements[21]

The National Stock Exchange has issued certain clarifications with respect to reporting under Regulation 23 of the SEBI – LODR. Some key excerpts are:

- Listed entity to submit disclosure of RPTs within 30 days from date of publication of financial results on half yearly basis;
- All disclosures of RPTs should be published on a consolidated basis;
- In case there are no RPTs, listed companies are required to submit a NIL report.

[21] Ref No: NSE/CML/2021/09 dt. April 1, 2021

D. Goods and Service Tax Highlights

1. Extension in due dates of filing GST Returns[22]

Month	Particulars	Due date	Extended due date
April 2021	GSTR-1	May 11, 2021	May 26, 2021
April 2021	QRMP Scheme	May 13, 2021	May 28, 2021

2. Waiver of late fees and interest for late filing of GSTR-3B[23]

Turnover in previous FY	Tax period	Due date	Extended due date	Interest applicable
(1)	(2)	(3)	(4)	(5)
Turnover >Rs. 5 crores*	March 2021	April 20, 2021	May 5, 2021	• 9% till May 5, 2021 • 18% thereafter
	April 2021	May 20, 2021	June 4, 2021	• 9% till June 4, 2021 • 18% thereafter
Upto Rs. 5 crores (not opting for QRMP Scheme)**	March 2021	April 20, 2021	May 20, 2021	• Nil till May 5, 2021 • 9% till May 20, 2021 • 18% thereafter
	April 2021	May 20, 2021	June 19, 2021	• Nil till June 4, 2021 • 9% till June 19, 2021 • 18% thereafter
Upto Rs. 5 crores (opting for QRMP Scheme)**	January 2021 to March 2021- Specified states – I	April 22, 2021	May 22, 2021	• Nil till May 7, 2021 • 9% thereafter till May 22, 2021 • 18% thereafter
	January 2021 to March 2021- Specified states – II	April 24, 2021	May 24, 2021	• Nil till May 9, 2021 • 9% thereafter till May 24, 2021 • 18% thereafter

***** Late fees – No late fee is payable till 15 days from the due date of filing of return mentioned in column (3); ** No late fee is payable till 30 days from due of filing of return as mentioned in column no. (3)

[22] Notification no. 12/2021-Central Tax dated May 1, 2021
[23] Notification no. 8 and 9/2021-Central Tax dated May 1, 2021

Specified States – I – Chhattisgarh, Madhya Pradesh, Gujarat, Dadra and Nagar Haveli, Diu, Maharashtra, Karnataka, Goa, Lakshadweep, Kerala, Tamil Nadu, Puducherry, Andaman and Nicobar Islands, Telangana and Andhra Pradesh

Specified States – II – J &K, Ladakh, Himachal Pradesh, Punjab, Chandigarh, Uttarakhand, Haryana, Delhi, Rajasthan, UP, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Mizoram, Manipur, Tripura, Meghalaya, Assam, West Bengal, Jharkhand and Odisha

3. Relaxation in conditions relating to ITC[24]

The Rule 36(4) of the CGST Rules, 2017 provides that ITC in respect of invoices which are not uploaded by vendors in Forms GSTR-1 or through invoice Furnishing Facility (“IFF”) will be allowed maximum up to 5% of the matching ITC. In this regard, relaxation has been given in respect of April month for which condition of Rule 36(4) would apply cumulatively in the month of May 2021.

Our Offices:
Mumbai
71/75 Mittal Tower,
7th Floor, C Wing,
Nariman Point,
Mumbai - 400021
Tel: +91 22 4917 1616

Pune
#406-408,
Global Square, Near Bund-Garden,
Yerwada, Pune- 411006
Tel: +91 20 4840 7700

[24] Notification 13/2021-Central tax dated May 1, 2021