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BUSINESS ADVISORS

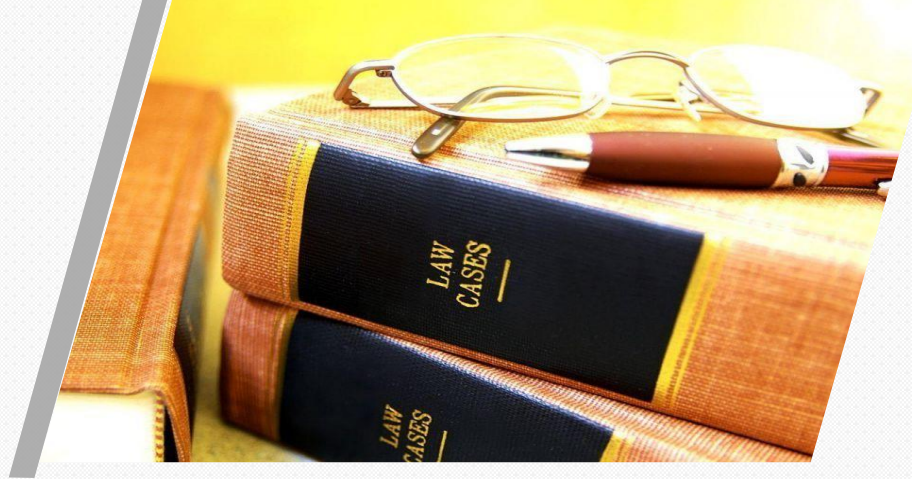
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Direct Tax Case Laws



Case Law 1:

Where assessee had furnished before Assessing Officer all necessary details and evidence relating to share transactions in question, Assessing Officer erred in making addition of profit on sale of shares under section 68 on basis of general statement of broker

The assessee declared long-term capital gains on share transactions. Since broker ('MC') through whom the assessee purchased shares was found involved in providing accommodation entries, the Assessing Officer treated profit on sale of shares as unexplained entry and added same under section 68 to income of the assessee.

It was held that the Assessing Officer has not pointed out about any direct or material evidence against the assessee to hold that the share transactions were not genuine. The assessee had furnished before the Assessing Officer all the necessary details and evidences relating to the share transactions in question. The Assessing Officer did not raise any query or doubt about the genuineness of the details and evidences submitted by the assessee. The Assessing Officer has made additions on the basis of general statement of 'MC' made before the investigation wing. The assessee was not provided opportunity to confront 'MC' in relation to transactions related to the assessee. Thus additions made by the Assessing Officer under section 68 are not warranted in this case.

Case Law 2:

Transitional liabilities of gratuity and leave encashment as per provisions of AS-15, which were disclosed in Notes appended to accounts should be adjusted while computing book profit under section 115JB

The assessee, during the relevant previous year, changed its method of providing for liability in respect of gratuity payable to employees, based on actuarial valuation done as per Projected Unit Care Method. Accordingly, the assessee provided for transitional liability of certain amount on account of gratuity as per transitional provisions of Accounting Standard-15, which had been charged to general reserve forming part of reserve and surplus. The said amount was claimed deduction in the revised computation of income and the same had been allowed by the Assessing Officer while computing income under the normal provisions. The said amount was also reduced from net profit as per the profit and loss account, in terms of section 115JB. Further, the assessee had also reduced the net profit by the transitional/additional liability in respect of leave encashment provided pursuant to change in the accounting method basis AS-15.

The Assessing Officer, while computing book profit under section 115JB, had rejected the claim for reduction of profit as per the profit and loss account in respect of transitional liability in respect of both, (a) gratuity and

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(b) leave encashment on the ground that the assessee had not debited said amounts in the profit and loss account. On appeal, the Commissioner (Appeals) confirmed the action of the Assessing Officer.

As per the requirement of AS-15, the assessee is required to ascertain the liability towards employees' benefits which should have been recognized till date and the liability which has already been recognized in the books of account. If the difference i.e. the transitional liability is more than the liability that has been recognized as per the pre-revised AS-15, the enterprise is mandatorily required to immediately increase its defined benefit liability on the date on which the revised AS-15 has been adopted. In terms of revised AS-15, the transitional provision so provided can be accounted for under any of the following two alternative approaches:

(a) As an immediate adjustment against the opening balance of revenue reserves and surplus, or

(b) As an expense on a straight-line basis over/up to five years from the date of adoption of the Accounting Standard.

The change in the method of accounting pursuant to AS-15 (Revised) was duly highlighted in the Significant Accounting Policies forming part of the Notes to the Financial Statement of the assessee company. Section 115JB is a code itself to compute the book profit to determine and levy the correct income tax thereon and, therefore, the Profit and loss account and Balance Sheet should be read together with notes to accounts. Notes to account contain off Balance Sheet items and off profit and loss items. Notes to accounts explain the figures of Profit and loss account and

Balance Sheet and, therefore, these are part of Profit and loss account and Balance Sheet. AS-15 is mandatory for the assessee company to make the compliance with effect from 7-12-2006. Therefore, the assessee company has to make provision in the books of account by following the AS-15 for transitional liability towards gratuity and leave salary. From the various decisions, it follows that the net profit as per the profit and loss account prepared in accordance with Part II of Schedule VI to the Companies Act, 1956 is the starting point for computation of book profit under section 115JB. Where the profit and loss account is not strictly drawn up in accordance with Part II of Schedule VI to the Companies Act, 1956, the same is first to be adjusted to bring the same in line with the relevant provisions of the Companies Act; thereafter the adjustments enumerated in various clause of Explanation 1 to section 115JB are to be carried out. In that view of the matter, where the adjustment is of the kind to align the net profit as per the profit and loss account in accordance with Part II of Schedule VI to the Companies Act, 1956, the same has to be carried out, notwithstanding that such adjustment may not be within the scope of various clauses of Explanation 1 to the said section.

As indicated in the accounting standard, in either case, the objective is to indicate the effect of such items on the current profit or loss. The fact that the assessee adopted the alternative approach of showing such items in the statement of profit and loss after determination of current net profit or loss, does not mean that these items are not to be taken into account in computing net profit as envisaged in section 115JB. Profit and loss account and Balance Sheet should

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be read together with Notes to accounts to compute the book profit under section 115JB. Notes to accounts are part of Profit and loss account and Balance Sheet. The liability towards leave encashment and gratuity has to be considered to determine net profit as the information was disclosed in the Notes appended to accounts, which have been held to be part of the accounts of the assessee-company. Notes to accounts explain the figures of Profit and loss account and Balance Sheet and off balance sheet items and, therefore these are part of Profit and loss account and Balance Sheet. Therefore, the 'Transitional Liability' provided in books of account and adjusted against Opening General Reserve as per Paras 143 to 145 of AS-15 (Revised 2005), towards leave liability and towards gratuity liability done by an outside actuary under mandatory AS-15 (Revised 2005) on employee benefits issued by ICAI, should be reduced from current year's profit for computation of Book Profit under section 115JB. Therefore, considering the facts and circumstances of the case and the case laws it is to be noted that notes to accounts are part of financial statements (Profit & Loss account and Balance Sheet, cash flow statement etc.) and, therefore, the computation of book profit under section 115JB should be done taking into account the figures mentioned in the notes to accounts. Hence, the Assessing Officer is directed to allow deduction in respect of transitional provisions of leave liability and gratuity liability while assessing book profit under section 115JB.

Case Law 2:

Assessment can be reopened on basis of information obtained during course of

assessment of earlier assessment year under section 143(3)

The assessee-construction company filed return where Rs. 5.20 crores was shown as the cost of plot and farm development expenses and Rs. 25 crores as the proportionate land cost. The assessment was completed under section 143(1). Later on, the Assessing Officer issued re-opening notice under section 148 on the basis of the information obtained during the proceedings of the earlier assessment year. In the said assessment year 2015-16, the assessee escalated the land cost to Rs. 25 crores whereas from the sale instances of the same area, the prevailing market value was found to be Rs. 1.32 crores. From the above information, the Assessing Officer opined that the assessee was entitled only to the proportionate land cost on market value of Rs. 1.32 crores and, thus, the proportionate farm development expenses could be claimed by the assessee. The Assessing Officer, thus, recorded that he had reasons to believe that the income had escaped assessment in the subject assessment year. On writ petition before the High Court:

The reopening notice has been issued on the basis of the information obtained during course of assessment of earlier assessment year under section 143(3). Such information can form a valid basis for issuing reopening notice. In instant case, the assessment for the subject assessment year was by virtue of intimation under section 143(1). Therefore, the Assessing Officer had no occasion to examine the claim of the assessee. It is on the basis of tangible information now received that the impugned reopening notice has been issued, as is evident from the reasons recorded. Therefore, the

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reasons do make out a prima facie case that income chargeable to tax for the subject assessment year has escaped assessment. This of course is subject to the assessee's pointing out in the re-assessment proceeding that on merits such addition as proposed is not permissible in law. There is no merit in the instant writ petition. Accordingly, it is to be dismissed.

Direct Tax Notifications



1. In exercise of the powers conferred by sections 194A, 194J, 194K, 194LBA, 194N, 194-O, 197A and 200 read with section 295 of the Income-tax Act, 1961, the Central Board of Direct Taxes makes the rules further to amend the Income-tax Rules, 1962.

https://www.incometaxindia.gov.in/communications/notification/notification_43_2020.pdf

2. In exercise of the powers conferred by clause (xxv) of sub-section (2) of section 80C of the Income-tax Act, 1961, the Central Government makes a scheme

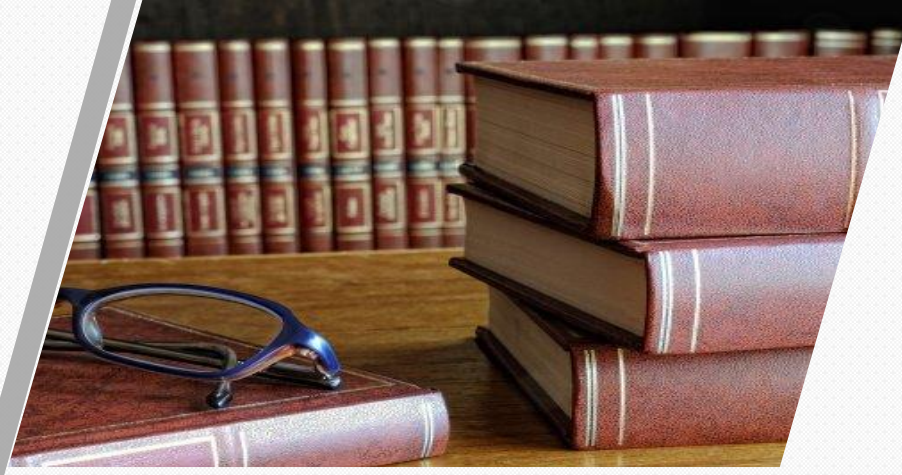
https://www.incometaxindia.gov.in/communications/notification/notification_45_2020.pdf

3. In exercise of the powers conferred by section 197 and 206C read with section 295 of the Income-tax Act, 1961, the Central Board of Direct Taxes makes the rules to amend the Income-tax Rules, 1962.

https://www.incometaxindia.gov.in/communications/notification/notification_54_2020.pdf

Indirect Tax :

Case Laws



Case Law 1:

GST on Services provided in respect of "Maintenance and Repair Contract" provided by Indian branch of Foreign Company

The applicant is the Indian branch of a Russian business entity by the name M/s IZ-Kartex named after P G Korobkov Ltd (hereinafter 'Foreign Company'), which entered into a Maintenance and Repair Contract (hereinafter called "MARC") with Bharat Coking Coal Ltd (hereinafter "BCCL") with respect to the machinery and equipment it had supplied to BCCL. The Applicant has preferred an application seeking Advance Ruling in respect of liability to pay GST on services provided under MARC i.e. Whether the supplier is liable to pay GST under Forward Charge or the recipient is liable to pay under Reverse Charge Mechanism?

The applicant submit that the services provided in respect of MARC is supply of services by foreign company and is considered as import of service u/s 2(11) of IGST Act. Being Import of Service, the recipient (BCCL) shall be liable to pay GST under Reverse Charge and the company is not liable to pay tax on supply of services in terms of MARC.

The authority observed from the contract between the applicant and BCCL that MARC is between MARC Holder and BCCL. Nowhere in the contract, the two entities

(Foreign company and its Indian branch) exist separately. The contract speaks of the rights, duties, and obligations of the MARC Holder only without any distinction between a foreign MARC Holder and a domestic MARC Holder. The distinction, therefore, is relevant only in the context of any statutory provision requiring the MARC Holder to be located in India.

It has been ruled that, MARC Holder maintains suitable structures in terms of human and technical resources at the sites of BCCL. It ensures supervision of the equipment, supply of spares and consumable and overheads for 5000 annual working hours for seventeen years, indicating sufficient degree of permanence to the human and technical resources employed at the sites. The MARC Holder, therefore, supplies the service at the sites from fixed establishments as defined under section 2 (7) of the IGST Act. The location of the supplier should be in India in terms of section 2 (15) of the IGST Act. Hence, the MARC holder will be the supplier located in India i.e. Indian branch of Russian entity. Therefore, Supply of service to BCCL in terms of the MARC is not import of service. The recipient (BBCL) is not liable to pay GST on reverse charge basis. The applicant, being the domestic MARC Holder, is liable to pay tax under Forward Charge.

In re M/s IZ-Kartex named after P G Korobkov Ltd, Appeal/Order No. 04/WBAAR/2020-21 dated 29th June 2020

Indirect Tax : Case Laws

Case Law 2:

Blocked ITC on Lifts procured and installed in hotel building will be available to the applicant

The applicant was established with an object to construct Hotel in Jabalpur at Mauza Ghana Khasara No 195/14, 195/2, 194 Nagpur Road. The applicant started construction of Hotel and completed a major part of its work. While the hotel was in construction stage, the applicant had doubt on the issues of Input Tax Credit (hereinafter referred to as 'ITC') under GST. Therefore, the applicant sought advance ruling on whether ITC on purchase of lift would be available to hotel as it has been used in the course or furtherance of business.

As per Section 17(5)(d) of the CGST Act 2017(hereinafter referred to as 'the said act') ITC is blocked on "goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.

In respect of the above-mentioned provision of 'Blocked Credit', the Applicant in its submission stated that Section 17(5)(d) of the said act blocks credit of only construction of immovable property other than plant or machinery, hence it is the clear intent of the law makers that they do not wish to block credits of plant or machinery. Further the lift so purchased is being capitalized in the books of the company and depreciation as per the provisions of Income Tax Act, 1961 is charged on the cost of lift less eligible credit of GST. Hence no

depreciation is being applied on GST portion of cost in contravention of the provisions of section 16(3) of the said act, which is eligible for credit in accordance with the provisions of section 16 of the said act. The Applicant further stated that these installations are recorded in the books of accounts under separate heads as per Indian Accounting Standards (i.e. independent of building or civil structure) which is sufficient justification that these installations are distinct from the land and building.

The Applicant submits that, basis the above, although the installations are fixed to the building/earth, they qualify as 'Plant or Machinery' under the said act and accordingly the taxes paid on procurement of Lift should not be regarded as blocked credits in terms of Section 17(5)(d) of the said act.

Advance Authority in the instant case observed that lifts are purchased and installed in the building which would be used as Hotel for providing taxable service. Thus, the lifts are sought to be considered as 'input' for hotel building. That being the case, the input tax credit is blocked unambiguously in terms of Section 17(5)(d). To be more precise, hotel building being an immovable property, any input or input service going into its construction shall not be available for availment of input tax credit.

Secondly, lift is a part of building and not a separate thing. A lift does not have an identity when removed from the building. Also, it has to be borne in mind that lift is not an item that is purchased and sold. It is a customized mechanism for transportation, designed to suit a specific building. Upon piece by piece installation, it becomes an integral part of building. Thus, lift being a

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part of building falls under the exclusion from plant and machinery.

Also in another advance ruling of Karnataka in the matter of M/s. Tarun Realtors Pvt. Ltd. Vide order dated 30.09.2019, advance authority ruled out that lift, along with several other such items shall not be entitled for ITC when used in construction of immovable property since they take the character of building itself.

Hence Advance Authority ruled out that the applicant in the instant case shall not be entitled to avail input tax credit of tax paid on procuring lift to be installed in the hotel building which in turn is intended to be used for providing taxable service, in terms of Section 17(5)(d) of the said act.

**AUTHORITY FOR ADVANCE RULINGS –
MADHYA PRADESH IN M/s JABALPUR
HOTELS PRIVATE LIMITED (Order No.
10/2020 Dated 08th June 2020)**

Case Law 3:

Paver Blocks laid on land used for automobile parking qualify as Immovable property, disallows ITC

M/s Sundaram's Private Limited, the Applicant engaged in providing warehousing storage and support services to the Original Manufacturers (OEMs) of automobile industry, transport cars/tractors using its fleet of car carrier vehicles. During the course of these services, the cars are stored in the applicant's stock yard to their transit to respective car dealers. On storage rental of these vehicle, the applicant Company has been collecting and paying applicable GST. Applicant has purchased tax paid paver Block which are laid in the parking area of the land

without any attachment to the earth. The object of laying such blocks is to ensure efficient and safe parking of automobiles of OEMs during the contract period. If the cars are placed on the ordinary surface, it will be subject to quicker wear & tear due to accumulation of water dust etc. in the wheels of such automobiles. Applicant feels that it is eligible to avail input tax credit in respect of taxes paid on purchase of such paver blocks laid on land being used in the course of providing its output services to customer under the head stockyard management services. In the instant case also, paver blocks once laid on the land are not movable to another place of use in the same position unless dismantled and laid again at letter place. Hence, the paver blocks are permanently embedded to earth and hence laying of the paver blocks on the land amounts to construction of immovable property U/s. 17(5), therefore. Input tax credit is not allowable to M/s Sundaram's Pvt Ltd. Whether applicant is entitled to avail input tax credit under CGST/SGST Act in respect of taxes to be paid on its purchase of Paver Blocks laid on the land? Thus, the authority answered the applicant's queries in the negative.

**AUTHORITY FOR ADVANCE RULINGS-
Mumbai IN M/s Sundaram's Private Limited
[NO. GST-ARA-36/2019-20/B- Date.
18/03/2020]**

Indirect Tax

Notifications & Circulars



S. No Notifications

1. Seeks to extend the due date for filing FORM GSTR-4 for financial year 2019-2020

CBIC vide Notification No. 59/2020 – Central Tax has extended the due date for GSTR-4 of 2019-20 from 15th July 2020 to 31st August 2020.

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-59-central-tax-english-2020.pdf>

2. Seeks to amend Notification no. 13/2020-Central Tax in order to amend the class of registered persons for the purpose of e-invoice

CBIC vide Notification No. 61/2020 – Central Tax has amended the notification No. 13/2020-Central Tax and subsequently amend the class of registered persons for applicability of e-invoice.

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-61-central-tax-english-2020.pdf>

Legal & Regulatory Notifications



S. No Notifications

1. EXTENSION OF TIME LIMIT OF NFRA-2

(MCA circular dated July 06, 2020)

The Ministry of Corporate Affairs (MCA) vide circular dated July 06, 2020 has further extended the time limit for filing Form NFRA-2 for the reporting period FY 2018-19 by 270 days from the date of deployment of the form on the website of NFRA which is September 04, 2020.

Earlier, it was to be filed by July 05, 2020. Further, Form NFRA-2 was deployed on December 09, 2019.

Link: http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.26_06072020.pdf

2. Form PAS-6 for filing Half-Yearly Reconciliation of Share Capital Audit Report is available from July 15, 2020

The Ministry of Corporate Affairs (MCA) vide circular dated Circular No. 16/2019 dated November 28, 2019 had stated that the time limit for filing Form PAS-6 (Half-yearly Reconciliation of Share Capital Audit Report) without additional fees for the half-year ended on September 30, 2019 will be 60 days from the date of deployment of this form on MCA-21 portal. The said form has been deployed on July 15, 2020.

Link: <http://www.mca.gov.in/MinistryV2/companyformsdownload.html>

3. COMPANIES (INDIAN ACCOUNTING STANDARDS) AMENDMENT RULES, 2020

(MCA Notification dated July 24, 2020)

The Ministry of Corporate Affairs (MCA) has amended the Companies (Indian Accounting Standards) Rules, 2015 through Companies (Indian Accounting Standards) Amendment Rules, 2020. The provisions of said rule shall be effective from July 24, 2020.

Some of the key amendments are provided here:

1. Indian Accounting Standard (Ind AS) 103

• **The paragraph 3, is substituted as below: -**

An entity shall determine whether a transaction or other event is a business combination by applying the definition in this Ind AS, which requires that the assets acquired and liabilities assumed constitute a business. If the assets acquired are not a business, the reporting entity shall

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account for the transaction or other event as an asset acquisition. Paragraphs B5–B12D provide guidance on identifying a business combination and the definition of a business.

- **After paragraph 64O, the following is inserted:**

64P Definition of a Business (Amendments to Ind AS 103), added paragraphs B7A–B7C, B8A and B12A– B12D, amended the definition of the term ‘business’ in Appendix A, amended paragraphs 3, B7–B9, B11 and B12 and deleted paragraph B10. An entity shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1st April, 2020 and to asset acquisitions that occur on or after the beginning of that period.

- **In Appendix A, for definition of the term —business, the following definition is substituted:**

Business: An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities;

- **In Appendix B, paragraph B7 is substituted and after paragraph B7 a paragraph heading as “Optional test to identify concentration of fair value” is inserted.**

- **In Appendix B, paragraph B8 is substituted under the heading “Elements of a Business”**

- **A new paragraph B8A is inserted as following:**

If an acquired set of activities and assets has outputs, continuation of revenue does not on its own indicate that both an input and a substantive process have been acquired

- **Paragraph B10, B11, B12 are substituted**

2. Indian Accounting Standard (Ind AS) 107: The said rules amend Indian Accounting Standard 107 relating to disclosures to be made in respect of financial instruments by introducing a provision specifying the disclosures to be made where there is uncertainty due to Interest Rate Benchmark Reform.

3. Indian Accounting Standard (Ind AS) 109

- after paragraph 6.7.4, paragraph 6.8 has been inserted under the heading “Temporary exceptions from applying specific hedge accounting requirements”

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- after paragraph 7.1.7, Interest Rate Benchmark Reform and Transition for hedge accounting (Chapter 6) is inserted

4. Indian Accounting Standard (Ind AS) 116: after paragraph C20, the following is inserted

- a lessee shall apply Covid-19-Related Rent Concessions (see paragraph C1A) retrospectively, recognising the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.
- In the reporting period in which a lessee first applies Covid-19-Related Rent Concessions, a lessee is not required to disclose the information required by paragraph 28(f) of Ind AS 8.

5. Indian Accounting Standard (Ind AS) 1 and 8: The definition of material is substituted.

Link: http://www.mca.gov.in/Ministry/pdf/Rule_24072020.pdf

4. EXTENSION OF TIMELINE OF FOREIGN ASSET AND LIABILITIES (FLA) RETURN

(RESERVE BANK OF INDIA)

Due to technical glitch on the Reserve Bank of India (RBI) FLAIR website, RBI has extended the last date for submission of FLA for the FY 2019-20 up to August 14, 2020.

Link: <https://flair.rbi.org.in/fla/faces/pages/login.xhtml>

5. RBI has extended the timeline for finalization of audited accounts by Non-Banking Financial Companies (NBFC)

(RBI Notification dated July 06, 2020)

Reserve Bank of India (RBI) in view of the on-going situation of COVID-19 and taking in to account the feedback received from various stakeholders, has decided that every applicable NBFC shall finalise its balance sheet within a period of 3 months from the date to which it pertains or any date as notified by SEBI for submission of financial results by listed entities.

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11935&Mode=0>

6. THE RBI EXEMPTS VENTURE CAPITAL FUND COMPANIES FROM SECTION 45-IA AND 45-IC OF THE RESERVE BANK OF INDIA ACT, 1934.

(RBI Notification dated July 10, 2020)

Reserve Bank of India (RBI) vide its notification dated July 10, 2020 has exempted Venture capital fund companies (VCF) holding a certificate of registration obtained under section 12 of the

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Securities and Exchange Board of India Act, 1992 and not holding or accepting public deposit from the provisions of section 45-IA which deals with the requirement of registration and net owned fund and 45-IC which specifies reserve fund of the RBI Act, 1934.

Further, RBI also exempts those VCF companies from the applicability of guidelines issued by the Bank for NBFCs. Further, consequent to the repeal of Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 and enactment of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, it has been decided to substitute the word “Venture Capital Fund Companies” with “Alternative Investment Fund Companies”, in exercise of the powers conferred under section 45NC of RBI Act, 1934

Link: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11936&Mode=0>

7. MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

NOTIFICATION OF ENFORCEMENT OF CONSUMER PROTECTION ACT, 2019

The Ministry of Consumer Affairs, Food and Public Distribution vide notification S.O. 2351(E) and S.O. 2421(E) dated July 15, 2020 and July 23, 2020 respectively, has enforced the provisions of the Consumer Protection Act, 2019 (“CPA, 2019”) which was enacted on August 09, 2019. The important features of the new Act are as follows:

- **Inclusion of E-Commerce Transactions:** CPA, 2019 has widened the definition of ‘consumer’. By including an explanation of consumer, CPA, 2019 now includes any person who buys any goods, whether through offline or online transactions, electronic means, teleshopping, direct selling or multi-level marketing. Definition of e-commerce and electronic service provider has also been included in CPA, 2019. It also imposes obligations on electronic service providers.
- **Enhancement of Pecuniary Jurisdiction:** CPA, 2019 has revised the pecuniary limits for the various forums under CPA, 2019 as follows:

S. No.	Forum	Pecuniary Limits [the value of the goods or services paid as consideration(“Value”)]
1.	District Commission	Value less than 1,00,00,000/-
2.	State Commission	Value between 1,00,00,000/- and 10,00,00,000/-
3.	National Commission	Value exceeding 10,00,00,000/-

- **E-Filing of Complaints:** CPA, 2019 provides flexibility to the consumer to file complaints with the jurisdictional consumer forum located at the place of residence or work of the consumer, as opposed to Consumer Protection Act, 1986, where a complaint was to be filed it at the place of purchase or where the seller had its registered office address. CPA, 2019 also provides for consumers to file complaints electronically and for hearing and/or examining parties through video-conferencing.

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- **Establishment of Central Consumer Protection Authority:** The CPA, 2019 provides for the establishment of a regulatory authority known as the Central Consumer Protection Authority (CCPA), with wide powers of enforcement and investigation. The CCPA has been granted wide powers to take suo-moto actions, discontinuance of unfair trade practices and misleading advertisements, recall products, order reimbursement of the price of goods/services, cancel licenses and file class action suits, if a consumer complaint affects more than 1 (one) individual.
- **Product Liability & Penal Consequences:** CPA, 2019 has introduced the concept of product liability and it covers the liabilities of the product manufacturer, product service provider and product seller. There are increased liability risks for manufacturers as compared to product service providers and product sellers, considering that under CPA, 2019, manufacturers will be liable in product liability action even where he proves that he was not negligent or fraudulent in making the express warranty of a product. Certain exceptions have been provided under the CPA, 2019 from liability claims, such as, that the product seller will not be liable where the product has been misused, altered or modified.
- **Unfair Trade Practices:** CPA, 2019 introduces a specific definition of Unfair Trade Practices, which also includes sharing of personal information given by the consumer in confidence, unless such disclosure is made in accordance with the provisions of any other law.
- **Penalties for Misleading Advertisement:** CPA, 2019 empowers CCPA to impose a penalty of up to INR 1,000,000 (Indian Rupees One Million) on a manufacturer or an endorser, for a false or misleading advertisement. In case of a subsequent offence, the fine may extend to INR 5,000,000 (Indian Rupees Five Million). The CCPA can also prohibit the endorser of a misleading advertisement from endorsing any product or service for a period of up to 1 (one) year. For every subsequent offence, the period of prohibition may extend to 3 (three) years. The liability of the endorser can be mitigated if they have exercised due diligence to verify the veracity of the claims made in the advertisement. CPA, 2019 provides for punishment for publication of a misleading advertisement.
- **Provision for Alternate Dispute Resolution:** The CPA, 2019 provides for mediation as an Alternate Dispute Resolution mechanism, making the process of dispute adjudication simpler and quicker.

<https://consumeraffairs.nic.in/sites/default/files/Act%20into%20force.pdf>

<https://consumeraffairs.nic.in/sites/default/files/Provisions%20of%20Act%20comes%20into%20force.pdf>



Environmental Audit Emerging Opportunities for Chartered Accountants

By –Gursimaran Singh

IBA

Chartered Accountants in the past have been reluctant to participate in green issues because their capability and knowledge to conduct environmental audits may be challenged in various areas such as technical, legal and non-financial matters.

But over the time, it has been realised that the role of chartered accountants in green accounting and audit is significant. They can encourage greater transparency and informed decisions about application of resources and the impact of activities on environmental outcomes without distorting existing accounting standards. Thus, in order to ensure the provisions of accurate information in annual reports, it is necessary to involve the environmental audit. Professional accounting bodies all over the world have this item on their agenda.

CA as Environmental Accountant :

- Environmental financial accounting refers to the preparation of the environmental financial reports for external audiences using generally accepted accounting principles (GAAP)
- CAs due to their specialised accounting skills can help an organisation in preparing environmental financial accounts, i.e., in dealing with identification, measurement, recognition and disclosure of all significant environmental financial costs, benefits, assets, liabilities and contingencies.

CA's Role in Environmental Management Accounting :

- Environmental management accounting (EMA) is the process of identifying, collecting and analysing information about environmental costs and performance to help an organisation's decision-making.

- The focus of environmental management accounting is internal benefit of the organisation.
- EMA is mainly concerned with the presentation of data about environmental activities and performance to the management, so that it can also be considered while making number of business decisions capital budgeting decision, costing determinations, process/ product design decisions or performance evaluations.

It has been felt that the accountants have the necessary skills and experience to :

- ✓ Monitor, measure and control environmental costs
- ✓ Manage environmental information systems so that the outputs are accurate and reliable
- ✓ Identify and plan financial budgets for improvement projects
- ✓ Help formulate and implement environmental strategy
- ✓ Provide highly regarded advice on improvement of environmental performance.

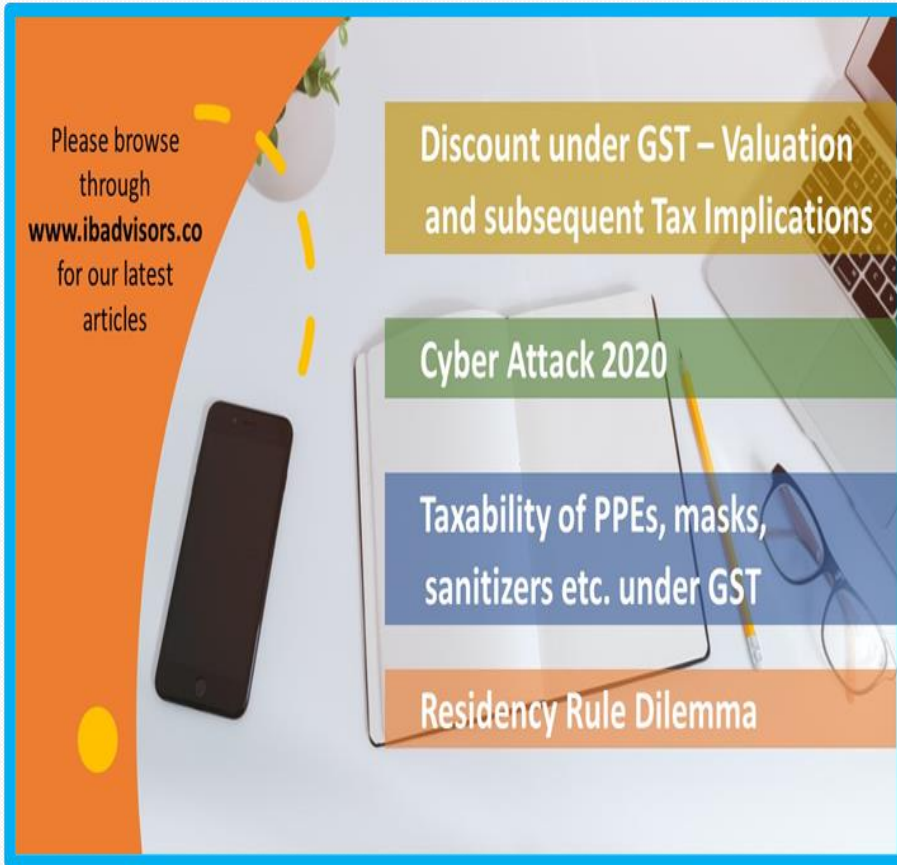
Consideration of Environmental Matters in Audit of Financial Statements :

- Environmental matters are becoming significant to an increasing number of entities and may, in certain circumstances have a material impact on their financial statements. Assessment of the environmental laws and regulations that may pertain to the entity, and provide a basis for the auditor to decide whether there is a need to pay attention to environmental matters in the course of the audit of financial statements should be done.
- However, when environmental matters are significant to an entity, there may be a risk of material misstatement (including inadequate disclosure) in the financial statements arising from such matters. In these circumstances, the auditor needs to give consideration to environmental matters in the audit of the financial statements

CA's Role in Compliance and Certification Audits :

- It is felt that CAs can very efficiently conduct compliance audits if they gain knowledge of relevant environmental laws and regulations. They can also conduct certification audits.

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Continuing with our fun loving exercise “Happy Hours” full of games, quiz, fun tasks etc., These moments of rejoicing help us feel more connected to each other, they lift our spirits and add some scheduled fun to our calendar.

Upcoming Compliances

Date	Compliance
August 11, 2020	Due date for furnishing of Form GSTR-1 for the taxpayers having aggregate turnover of more than 1.5 crore for the month of July 2020
August 13, 2020	Due date for furnishing of Form GSTR-6 for Input Service Distributor for the month of July 2020.
August 15, 2020	Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during Financial Year 2019-20 The due date for issuing certificate has been extended from June 15, 2020 to August 15, 2020 vide the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 read with Notification No.35 /2020, dated 24-06-2020.
	Quarterly statement of TCS deposited for the quarter ending 30 June, 2020
August 20, 2020	Due date for filing consolidated return in the Form GSTR-3B for the taxpayers having aggregate turnover of more than 5 Crore the month of July 2020
August 22, 2020	Due Date for filing consolidated return in the Form GSTR-3B for the taxpayers having aggregate turnover up to 5 crore and principal place of business in the state of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana or Andhra Pradesh or the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands and Lakshadweep.
August 24, 2020	Due Date for filing consolidated return in the Form GSTR-3B for the taxpayers having aggregate turnover up to 5 crore and principal place of business in the state of Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha or the Union territories of Jammu and Kashmir, Ladakh, Chandigarh and Delhi.

Upcoming Compliances

**** The due dates listed above are the dates as prescribed in the GST Acts. However, per the new measures taken by CBIC amid the Covid-19 pandemic, following are the due dates as notified by CBIC through Notification No. 48/2020- Central Tax ,dt. 19-06-2020 to Notification No. 58/2020-Central Tax dated 01.07.2020 –**

For taxpayers having aggregate turnover of more than INR 5 crores in the preceding FY:

Tax Period	Turnover more than 5 Cr	
	All States	
	GSTR 3B	Interest Liability
March-2020	June 24, 2020	> Nil for first 15 days from due date > Interest @9% p.a. thereafter up to June 24, 2020 > Interest @ 18%p.a. If filed after June 24,2020 (Reduced interest facility will not be available)
April-2020	June 24, 2020	> Nil for first 15 days from due date > Interest @9% p.a. thereafter up to June 24, 2020 > Interest @ 18%p.a. If filed after June 24, 2020 (Reduced interest facility will not be available)
May-2020	June 27, 2020	No Interest up to mentioned date
June-2020	July 20, 2020	No Interest up to mentioned date
July-2020	August 20, 2020	No Interest up to mentioned date
August-2020	September 20, 2020	No Interest up to mentioned date

For taxpayers having aggregate turnover up to INR 5 crores in the preceding FY, registered in states Chhattisgarh, MP, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, and UT (Daman & Diu, Dadra& Nagar Haveli, Andaman & Nicobar, Puducherry, Lakshdweep:

Tax Period	GSTR 3B	Interest Liability
March-2020	July 03, 2020	Nil till July 03, 2020 9 per cent thereafter till September 30, 2020
April-2020	July 06, 2020	Nil till July 06, 2020 9 per cent thereafter till September 30, 2020
May-2020	September 12, 2020	Nil till September 12, 2020 9 per cent thereafter till September 30, 2020
June-2020	September 23, 2020	Nil till September 23, 2020 9 per cent thereafter till September 30, 2020
July-2020	September 27, 2020	Nil till September 27, 2020 9 per cent thereafter till September 30, 2020
August-2020	October 01, 2020	No Interest up to mentioned date

Upcoming Compliances

For taxpayers having aggregate turnover up to INR 5 crores in the preceding FY, registered in states Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the Union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi:

Tax Period	GSTR 3B	Interest Liability
March-2020	July 05, 2020	Nil till July 05, 2020 9 per cent thereafter till September 30, 2020
April-2020	July 09, 2020	Nil till July 09, 2020 9 per cent thereafter till September 30, 2020
May-2020	September 15, 2020	Nil till September 15, 2020 9 per cent thereafter till September 30, 2020
Jun-2020	September 25, 2020	Nil till September 25, 2020 9 per cent thereafter till September 30, 2020
July-2020	September 29, 2020	Nil till September 29, 2020 9 per cent thereafter till September 30, 2020
August-2020	October 03, 2020	No Interest up to mentioned date

In Addition to this-

Extended dates for filing GSTR 1	
Tax Period	GSTR 1
March-2020	July 10, 2020
April-2020	July 24, 2020
May-2020	July 28, 2020
June-2020	August 05, 2020
January-March 2020	July 17, 2020
April-June 2020	August 03, 2020

<https://www.cbic.gov.in/htdocs-cbec/gst/central-tax-notfns-2017>

Editorial Team



About us:

IBA is a leading financial and legal advisory company with specialization in Assurance, Risk Consulting, Legal, Direct Tax, Indirect Tax(GST) and Corporate Advisory for midsize, SMEs and start-up firms. IBA constitute a young team of path breaking professionals, who believe in creating value through innovation and creativity to provide ultimate client satisfaction. Clients benefit from our fresh thinking, constructive challenge and practical understanding of the issues they face. We aim to alloy a perfect blend of professionalism with high standards of service, in our pursuit of excellence.

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