

IBA INTERNATIONAL
BUSINESS ADVISORS

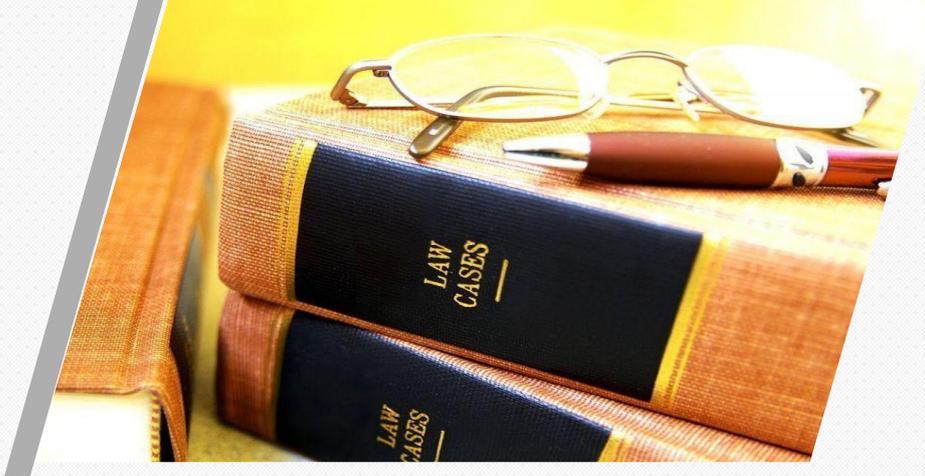
CONNEKT

September - 2020

Content

<u>Direct Tax – Case Laws</u>	3
<u>Indirect Tax – Case Laws</u>	6
<u>Legal & Regulatory Notifications</u>	8
<u>Column</u>	14
<u>IBA News</u>	17
<u>Compliance Calendar</u>	18
<u>About us</u>	22

Direct Tax Case Laws



Case Law 1:

Where Assessing Officer was of the opinion that the assessee has wrongly claimed deduction u/s 24(b) of Income Tax Act, 1961 which relates to interest on loan taken for acquisition, construction, reconstruction, etc of a residential property

While scrutinizing the return of income the Assessing Officer found that the assessee has shown rental income of Rs.60,000/-and claimed deduction u/s.24(a)(b) @ 30% amounting to Rs.18,000/- and also claimed interest on loan amounting to Rs.2,61,152/- and under the head "income from house property" a loss of Rs.219152/- was declared. The Assessing Officer was of the opinion that the assessee has wrongly claimed deduction of Rs.261152/-.

When the case was presented before ITAT, they cleared all the facts. They found that the assessee had purchased the house property on 26/11/2005 for Rs. 36 lacs. These facts are mentioned on the copy of the sale deed itself which is placed at pages 50-52. ICICI Bank disbursed tire amount of Rs.32 lacs on 31.12.2005 which is apparent from paper book page 63 where a copy of letter issued by ICICI bank is placed. Therefore, the loan taken by assessee from ICICI bank cannot be said to be taken for the purpose of purchase of the said property as the said property was already purchased on 25.11.2005 and full payment of consideration was already paid as is apparent from the copy of the sale deed.

So, in our considered opinion, Ld. CIT(A) had arrived at the correct conclusion that deduction u/s 24(b) cannot be allowed to the assessee. As regards deduction u/s 80C for repayment of loans, we find that section 80C also applies only if the repayment is made for loans taken for acquiring house property assets. Therefore, in our considered opinion, Ld. CIT(A) had arrived at the correct conclusion that deduction u/s 24(b) cannot be allowed to the assessee. As regards deduction u/s 80C for repayment of loans, we find that section 80C also applies only if the repayment is made for loans taken for acquiring house property assets.

Vijay Aggarwal v Deputy Commissioner of Income Tax

Case Law 2:

Where any sum is found credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature of that particular transaction, the sum so credited may be charged to income-tax as the income of the assessee of that previous year. Where assessee had failed to produce any material to authenticate his contention that cash deposits in his bank account were on account of sales being made by him from Kirana business.

In this case, information for non-filing of ITR for the A.Y. 2010-11 was received through NMS cycle. It came to notice that the

Direct Tax : Case Laws

assessee company had deposited cash of Rs. 15,86,000/- in his bank account during the F.Y. 2009-10. Therefore, the case was reopened u/s 147 of the I.T Act and notice u/s. 148 dated 31-3-2017 was issued. Notice u/s 142(1) was issued to the assessee twice but the assessee did not attend the proceedings both the time. After that, AR of assessee filed a copy of return of income for the A.Y. 2010-11 declaring income of Rs. 1,27,000 in response to notice issued u/s 148 of the Act. Thereafter, notice under section 143(2)/142(1) was issued and served upon the assessee and yet again the appellant chose to stay away. Under these circumstances, the AO proceeded to finalize the assessment under section 144 of the Act on the basis of material available on record and made addition of Rs. 15,86,000/- on account of unexplained cash deposited in the assessee's bank account, in terms of Section 68 of the Act. The income was accordingly assessed as Rs. 17,13,000/-.

The appellant-assessee contended that he had made sale of Rs. 15,86,000/- and computed his income under section 44AD of the Act @ 8% as Rs. 1,26,999/- and as a result, he was not liable to file income tax return for the relevant year but when the notice under section 148 of the Act was received, he filed the same, declaring his income as Rs. 1,26,999/-. So, being aggrieved, the assessee reached the ITAT. In the appeal before the ITAT, again the assessee reiterated his contentions. The ITAT observed that it is not disputed that the assessee made cash deposits to the tune of Rs. 15,86,000/- during the period 1-4-2009 to 31-3-2010; since the assessee had failed to explain the nature and source of cash deposited in his bank accounts before the lower tax authorities.

On approaching the High court, they concluded, that tax authorities upheld that the cash has been deposited merely to generate funds in the bank account, whenever payments were required to be made by cheque. Therefore, indeed there is no nexus with the gross receipts. The appellant has not produced any material in support to explain the entries of cash such as books of accounts or bills etc and therefore, we find no merit in the Appellant's contentions.

Raviner Kumar v Income Tax Officer

Case Law 3:

The Assessed Authority assessed such taxable income in the hands of the Minor holding that Section 64(1A) could not be applied since both the parents have unfortunately expired and therefore and, as such, the entire income earned was liable to be taxed in the hands of the assessee-Minor herself

The assessee was a Minor, when, unfortunately, both her parents viz., father and mother died in a car accident. At that point of time, the assessee was only two-and-a-half years old child and her grandfather was her sole guardian. The Minor inherited the property of her parents and grandmother and the income from such sources continued i.e, agricultural income as well as income from partnership firm business of coffee. Being aggrieved by the Assessing Authority, the assessee reached the Commissioner of Income Tax (Appeals) and discussed the whole matter. But the CIT said the same thing as the AO.

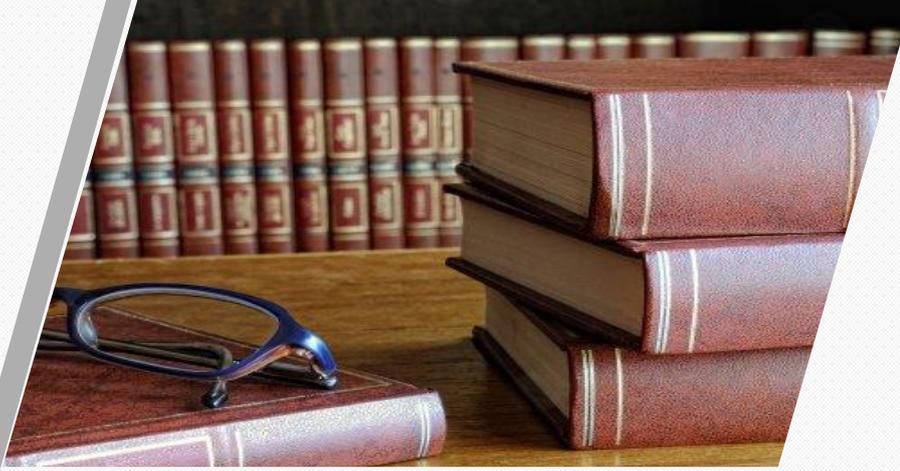
Direct Tax : Case Laws

Being aggrieved, the Assessee, through her grandfather-Mr.R.P.Sarathy, filed further appeals before the learned Income Tax Appellate Tribunal, which held that income of the minor child could not be taxed in the hands of anyone since there is no other provision to assess the minor's income in the hands of minor herself and even if the parents do not survive and the clubbing provisions cannot be applied in the hands of the grandparents or anybody who maintains the minor child, the orders of the lower authorities holding that such income was taxable in the hands of the minor were not sustainable. Accordingly, the Assessee's Appeals were allowed by the learned Tribunal.

The Revenue (CIT (A)) has come up in High Court by way of Appeals under Section 260A of the Act. High Court in the judgement said, Once we come to the conclusion that Income in the present case was taxable in the hands of representative-assessee-Guardian and grandfather Mr.R.P.Sarathy for the period for which the said minor girl Ms.M.Pranuthi remained a Minor. The second question was about the validity of Re-assessment proceedings under Section 147/148 of the Act. he said proceedings were also apparently rightly invoked on the basis of Return of Income filed by grandfather Mr.R.P.Sarathy himself on behalf of Minor only as NIL Return. In order to bring to tax such escaped income, the Assessing Authority rightly invoked Section 147/148 of the Act.

R.P Sarathy v Joint Commissioner of Income Tax, Salem

Indirect Tax : Case Laws



Case Law 1:

Blocked ITC of GST paid on lease premium charges, annual lease rentals & maintenance charges for land lease

The applicant is engaged in providing Pharmaceutical Research & Development services. These services involve preparative separation and analysis of pharmaceutical compounds which are referred to as “chromatography services”. In order to render such services, the applicant requires a lab where such services can be performed. Accordingly, the applicant acquires a land on lease from M/s. IKP Knowledge Park (lessor) and executed a lease deed. As per the terms of the lease, the applicant is required to pay one-time lease premium at the beginning of the lease, annual rentals at the end of every year and maintenance charges for the leased premises to the lessor. Therefore, the applicant sought an advance ruling on whether it is eligible to avail input tax credit (hereinafter referred to as ‘ITC’) of GST paid on the above-mentioned charges to the lessor.

The applicant in its application contended that it has fulfilled all the conditions laid in Section 16 of the CGST Act 2017(hereinafter referred to as ‘the said act’) for availing ITC on supply of goods and services to it. Also, GST paid by it on the lease charges doesn’t get covered in the ineligible list of input services specified in Section 17(5) of the said act. Thus, in the absence of any restriction

on availment of credit under the GST Act, the applicant opine that it is eligible to avail credit of CGST and SGST paid to lessor on acquiring land on lease for business activities.

In the instant case, the advance authority considered relevant to refer clause (d) of Section 17(5) of the said act. According to which ITC is barred in respect of goods or services used for construction of immovable property (other than plant or machinery) including when such goods or services are used in the course or furtherance of business. It is also not disputed that the ‘building’ constructed by the applicant falls within the ambit of ‘immovable property’ and would be utilised to accommodate a laboratory for carrying out chromatography services. Hence, it is established that the referred services received by the applicant is used for the purpose of construction of immovable property on its own account. Therefore, the advance authority ruled out that no ITC shall be available to the applicant of GST paid on payment of lease charges, annual lease rentals and maintenance charges to the lessor.

**AUTHORITY FOR ADVANCE RULINGS –
TELANGANA IN M/s DAICEL CHIRAL
TECHNOLOGIES (INDIA) PRIVATE LIMITED
(Order No. TSAAR Order No.05/2020-Dated
24th June 2020)**

Indirect Tax : Case Laws

Case Law 2:

Lease-rent Charged by Municipality for fish farming exempt from GST

The applicant is successful bidder of the auction of wet land namely: Paruthithodu water channel conducted by the Chellanam Grama Panchayat for fish farming in the canal for the period April 2019 to March 2020. The bid amount was RS 2222000/- in Pursuance of the acceptance of the bid of the applicant entered in to an agreement dated 12.03.2019 with the secretary, Chellanam Grama Panchayat informed that the application is also liable to pay GST at the rate of 18% of the bid amount along with the bid amount as the auction of water Channel.

The applicant has sought. Whether lease rent charged by the municipality for land i.e., water channel used for fish farming falls within the meaning of “ services relating to rearing of all life forms of animals-by way of renting or leasing of vacant land” eligible for GST exemption as per Notification No. 12/2017 central tax (rate) dated 28.06.2017 and corresponding notification under Kerala GST. The matter was examined in detail. The Chellanam Grama Panchayat has confirmed the bid for Paruhithodu water channel fish farming to the applicant. On perusal of the documents submitted by the applicant including the copy of agreement dated 12.03.2019 entered into between the applicant and the secretary of Chellanam Grama Panchayat it is evident that the nature of the transaction is renting/ lease of water Channel for fish farming and hence the activity is covered under the definition of renting of immovable property as per para

2 (zz) of the Notification No. 12/2017-Central tax Dated 28.06.2017.

Whether lease rent charged by municipality for land i.e., water channel used for fish farming falls eligible for GST exemption as per Notification no. 12/2017-central Tax (rate) dated 28.06.2017.

AUTHORITY FOR ADVANCE RULINGS – Kottayam IN Sri. George Jacob (ADVANCE RULING NO. KER/95/2020 Dated 20th May 2020)

Notifications :

1. Seeks to extend the due date for filing FORM GSTR-4 for financial year 2019-2020 to 31.10.2020

CBIC vide Notification No. 64/2020 – Central Tax has extended the due date for GSTR-4 of F.Y. 2019-20 from 31st August 2020 to 31st October 2020

<https://www.cbic.gov.in/resources//htdocs-cbec/gst/notfctn-64-central-tax-english-2020.pdf>

Legal & Regulatory Notifications



S. No Notifications

1. EXTENSION FOR DISPATCH OF NOTICE UNDER SECTION 62(2) OF THE COMPANIES ACT, 2013 (MCA circular dated August 03, 2020)

The Ministry of Corporate Affairs (MCA) vide its circular number 27 dated August 03, 2020 has stated that the inability of the listed companies to dispatch the requisite notices to the shareholders through registered post or speed post or courier for rights issue opening up to December 31, 2020 will not be treated as the violation of sub-section 2 of section 62 of the Companies Act, 2013.

This circular has further extended the period of relaxation till December 31, 2020 against the earlier circular number 21 dated May 11, 2020 wherein the relaxation was provided till July 31, 2020.

Also, this circular is to be read with the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/78) issued on May 6, 2020.

Circular No. 21: http://www.mca.gov.in/Ministry/pdf/Circular21_11052020.pdf

Circular No. 27: http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.25_03082020.pdf

SEBI: https://www.sebi.gov.in/legal/circulars/may-2020/relaxations-relating-to-procedural-matters-issues-and-listing_46652.html

2. CLARIFICATION ON EXTENSION OF ANNUAL GENERAL MEETING (AGM) FOR THE FINANCIAL YEAR ENDED AS AT 31.03.2020

(MCA circular dated August 17, 2020)

The Ministry of Corporate Affairs (MCA) vide circular dated August 17, 2020 provided relaxation to companies to hold their annual general meeting (AGM) for the financial year ended on 31st March, 2020 beyond the statutory period provided in section 96 of the Companies Act, 2013,

MCA clarified that the companies which are unable to hold their AGM for the financial year ended on 31.03.2020, despite availing the relaxations provided in MCA Circular dated 05.05.2020 ought to file their applications in form No. GNL-1 for seeking extension of time in holding of AGM for the financial year ended on 31.03.2020 with the concerned Registrar of Companies on or before 29.09.2020.

Link: http://www.mca.gov.in/Ministry/pdf/GeneralCircularNo.28_17082020.pdf

Legal & Regulatory

3. COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) AMENDMENT RULES, 2020 AND AMENDMENT IN SCHEDULE VII

(MCA notification dated August 24, 2020)

The Ministry of Corporate Affairs (MCA) has amended Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 through Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013. The provisions of the said rule and schedule shall be effective from August 24, 2020.

As per the said amendments:

a) A company which, in its normal course of business, does research and development (R & D) activity of new vaccine, drugs and medical devices, is now permitted to incur CSR expenditure to undertake R & D activity of new vaccine, drugs and medical devices related to COVID-19 for financial years 2020-21, 2021-22 and 2022-23 subject to the following conditions:

- such research and development activities are carried out in collaboration with any of the institutes or organisations mentioned in item (ix) of Schedule VII to the Act; and
- details of such activity are disclosed separately in the Annual Report on CSR included in the Board's Report.

b) Companies may also contribute the CSR amount towards the following:

- i. R & D projects in the field of Science, Technology, Engineering and Medicine funded by the Central Government or State Government or any agency or PSU of the Central Government or State Government; and
- ii. Autonomous Bodies established by the Department of Pharmaceuticals and Ministry of Ayush.

Rules: <http://egazette.nic.in/WriteReadData/2020/221325.pdf>

Link for amendment in Schedule VII: <http://egazette.nic.in/WriteReadData/2020/221324.pdf>

4. EFFECTIVE DATE FOR SECTION 92(3) OF THE COMPANIES (AMENDMENT) ACT, 2017

(MCA notification dated August 28, 2020)

The clause (ii) of section 23 of the Companies (Amendment) Act, 2017 shall be substituted with the clause given below and shall be effective from August 28, 2020.

Every company is required to place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall also be disclosed in the Board's report.

Notification: http://www.mca.gov.in/Ministry/pdf/NotificationCompAct_29082020.pdf

Companies (Amendment) Act, 2017:

http://www.mca.gov.in/Ministry/pdf/CAAct2017_05012018.pdf

Legal & Regulatory

5. AMENDMENT IN THE COMPANIES (MANAGEMENT AND ADMINISTRATION) AMENDMENT RULES, 2014

(MCA notification dated August 28, 2020) :

The Ministry of Corporate Affairs (MCA) vide its notification dated August 28, 2020 has amended the Companies (Management and Administration) Amendment Rules, 2014 through the Companies (Management and Administration) Amendment Rules, 2020.

The said amendment will be applicable from August 28, 2020.

In Rule 12, a proviso has been inserted stating that it is not mandatory to attach the extract of annual return in form MGT-9 along with the Board's Report in case the web link for MGT-9 has been disclosed in the website of the company, if any.

Link: http://www.mca.gov.in/Ministry/pdf/Rule_29082020.pdf

6. FOREIGN EXCHANGE MANAGEMENT (EXPORT AND IMPORT OF CURRENCY) AMENDMENT REGULATIONS, 2020

(RBI notification dated August 11, 2020)

The Reserve Bank of India (RBI) vide its notification dated August 11, 2020 has issued the Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2020 to further amend the Foreign Exchange Management (Export and Import of Currency) Regulations, 2015 which shall come into force with effect from August 11, 2020.

As per the said notification, there is an addition of clause 9 to the regulations which specifies the Reserve Bank's power to permit import or export of foreign currency.

Hitherto, resident persons could take out of India (except Nepal & Bhutan), currency notes up to Rs.25,000 per person or send or take two commemorative coins. Any person who had gone out of India (except Nepal & Bhutan) on temporary basis may bring back to India, currency notes upto Rs.25,000 per person.

Link: <http://egazette.nic.in/WriteReadData/2020/221197.pdf>

7. INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (INSOLVENCY RESOLUTION PROCESS FOR CORPORATE PERSONS) (FOURTH AMENDMENT) REGULATIONS, 2020

(Notification No. IBBI/2020-21/GN/REG064 dated August 07, 2020)

The Insolvency and Bankruptcy Board of India (IBBI) vide notification dated August 07, 2020 has further amended the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The following changes shall be effective in the regulations from August 07, 2020:

Legal & Regulatory

1. Addition in regulation 4A (2)(a)

Regulation 4A of the said regulations deal with choice of authorised representative for representation of a class of creditors in the committee of creditors. The addition provides that whilst identifying three Insolvency Professionals for each class of creditors as per regulation 4, the IRP shall also ensure that the Insolvency Professionals chosen for representation have their addresses (as registered with the Board) in the State or Union Territory, which has the highest number of creditors in the class (as per their addresses in the records of the corporate debtor). In case, such State or Union Territory does not have adequate number of Insolvency Professionals, the Insolvency Professionals having addresses in a nearby State or Union Territory, shall be considered.

2. Substitution in regulation 16A (9)

Regulation 16A (9) of the said regulations deals with the circulation of agenda by authorised representative of class of creditors to creditors. The change in the regulation provides that in addition to circulating the agenda, the authorised representative may seek their preliminary views on any item in the agenda to enable him to effectively participate in the meeting of the committee of creditor. The creditors shall have a time window of at least twelve hours to submit their preliminary views, and the said window opens at least twenty-four hours after the authorised representative seeks preliminary views. However, such preliminary views shall not be considered as voting instructions by the creditors.

Earlier, the regulation only provided for circulation of agenda and announcement of voting window by authorised representative.

3. Substitution in regulation 39 (3)

Regulation 39 (3) of the said regulations deals with evaluation and approval of resolution plans by committee of creditors. The change in regulation provides for the probable scenarios where there may be more than two resolution plans have been submitted before the committee of creditors. The following provisions have been added:

- i. Regulation 39 (3): the committee shall-
 - (a) evaluate the resolution plans received from the resolution professional as per evaluation matrix.
 - (b) record its deliberations on the feasibility and viability of each resolution plan; and
 - (c) vote on all such resolution plans simultaneously.
- ii. Regulation 39 (3A): Where only one resolution plan is put to vote, it shall be considered approved if it receives requisite votes.

Legal & Regulatory

iii. Regulation 39 (3B): Where two or more resolution plans are put to vote simultaneously, the resolution plan, which receives the highest votes, but not less than requisite votes, shall be considered as approved. Provided that where two or more resolution plans receive equal votes, but not less than requisite votes, the committee shall approve any one of them, as per the tie-breaker formula announced before voting. Provided further that where none of the resolution plans receives requisite votes, the committee shall again vote on the resolution plan that received the highest votes, subject to the timelines under the Code.

Link: <https://ibbi.gov.in/uploads/legalframwork/691983ad021bf2a65a708f57d17595b8.pdf>

8. INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (VOLUNTARY LIQUIDATION PROCESS) (SECOND AMENDMENT) REGULATIONS, 2020

(Notification No. IBBI/2020-21/GN/REG.063 dated August 05, 2020)

The Insolvency and Bankruptcy Board of India (IBBI) vide notification dated August 05, 2020 has further amended the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.

The amendment changed Regulation 5 of the aforesaid regulation to prescribe that an Insolvency Professional shall be appointed by the corporate person as liquidator, subject to the eligibility criteria prescribed under regulation 6.

The liquidator appointed as above may be replaced by a resolution passed under clause (c) of sub-section (3) of section 59 or clause (c) of sub-regulation (1) of regulation 3, such resolution should contain the terms and conditions of appointment of the liquidator, including the remuneration payable to him.

Further, the insolvency professional should within three days of his appointment as liquidator, intimate IBBI about such appointment.

Earlier, the regulation did not prescribe timeline of intimation of appointment by liquidator to IBBI.

Link: <https://ibbi.gov.in/uploads/legalframwork/41dae71b62c3fa756602c8fec7848b58.pdf>

9. INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (LIQUIDATION PROCESS) (THIRD AMENDMENT) REGULATIONS, 2020

(Notification No. IBBI/2020-21/GN/REG062 dated August 05, 2020)

The Insolvency and Bankruptcy Board of India (IBBI) vide notification dated August 05, 2020 has further amended the Insolvency and Bankruptcy Board of India (Liquidation Process) Regulations, 2016.

Legal & Regulatory

The amendment provides for the following changes:

i. Regulation 4(2)(b)

Regulation 4 provides for Liquidator's fee, sub-regulation 1 of regulation 4 provides that the fee of liquidator shall be in accordance with the decision taken by the committee of creditors under regulation 39D of the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. Sub- regulation 2 of regulation 4 provides for cases other than mentioned above. The amendment has inserted a clarification that where a liquidator realises any amount, but does not distribute the same, he shall be entitled to a fee corresponding to the amount realised by him. Where a liquidator distributes any amount, which is not realised by him, he shall be entitled to a fee corresponding to the amount distributed by him.

ii. Regulation 47

Regulation 47 provides for a model timeline for liquidation process. The amendment has provided that claims by workmen and employees and other stakeholders shall be submitted within 30 days of liquidation commencement date. In addition, intimation of decision on relinquishment of security interest shall be submitted within 30 days of liquidation commencement date.

Link: <https://ibbi.gov.in/uploads/legalframework/99821042db3990a40cd7082f06019911.pdf>

Column



Accounting for E-commerce Business

By –Trishika Seth

IBA

Introduction:

Ecommerce: -It is the buying and selling of goods and services or the transmitting of funds or data, over an electronic network, primarily internet Examples are Etail and Market place, Online Advertising, Over the Top, Cloud, Digital Payments etc. Growth of ecommerce has revolutionized the way of conducting the business. The buyer and the sellers are the mere click of the mouse away.

Ecommerce transactions types :

- B2B - Business-to-Business: (Power2SME)
- B2C - Business-to-Consumer; (UberEat)
- C2C - Consumer-to-Consumer (Ebay)
- C2B - Consumer-to-Business;(Priceline.com)

Main source of revenue and accounting treatment :-

Membership and Subscription

The membership/registration fees received by ecommerce organization may fall in the following categories and accounting treatment of the same:

- i. Non-refundable fees that entitle a member to use the service of the website by making payment for all services separately; It is an initial membership fee in nature of entrance should be capitalized and payment for service be recognize as per AS 9 or Ind AS 18/115.
- ii. Non-refundable fees that entitle a member to use the services of the website indefinitely without making any further payment for use of services; It is in nature of upfront fee and continuing performance obligation so its recognition should be deferred and same should be recognize systematically over the period(s) during which fees are earned. For indefinitely

providing service allocation of fees not less than 5 years (time basis) or any other basis usage basis which ever is more representative of the service render.

- iii. Non-refundable fees that entitle a member to use the services of the website for specified period of time; Fees should be recognize on time basis over the specified period unless another systematic and rational basis is more representative ie usage basis.
- iv. Fees that are refundable subject to fulfillment of certain conditions stipulated in subscription agreement. Usually contractual stipulations require such conditions to be fulfilled with a specified time period; Revenue should be recognizing when it becomes reasonably certain that conditions would be fulfilled. Amount should be credited and retained in liability account as 'customer refundable fees account'
- v. Periodic membership/subscription fees on monthly, quarterly, annually or such other basis. Recognize as per accrual accounting.

Merchandising Activity :-

It consist of two model are first Market place model(zero inventory) e.g. Naptol, ebay and Shopclues record revenue on net basis(ie commission) and second is Inventory model e.g. Jabong, recognize revenue gross basis (ie revenue and cost).

Advertising Service:

- **Banner Advertisements :-** Usually hosted for short duration. Organization may enter into agreements whereby they agree to host advertisements for customers, without any minimum guarantee impressions. It is appropriate to recognize advertisement revenue on straight line basis over the period for which the banner is hosted unless another systematic and rational basis of revenue recognition is more representative of the service rendered.
- **Sponsorship Advertisement :-** For longer term and involve more service integration. Contract includes minimum number of impressions or click through. Advertisement agency normally recognized when the related advertisement or commercial appears before the public and the necessary intimation received by the agency and collection of the resulting receivable is reasonably certain
- **Measurement of Consideration in advertising Barter transactions :-** Sometime organization enters into advertising barter transactions with each other, in which they exchange rights to place advertisements on each other's online properties. Barter transaction should be recognized at fair value of similar transaction are readily determinable with unrelated party occurred not later than six months.

Other Services: -

- **Revenue from maintenance of websites including web hosting:-** Revenue should be recognized over the period for which website is hosted or maintained provided such services are rendered over the period of contract on continuous basis unless another systematic and rational basis of revenue recognition is more representative of the service rendered.
- **Content Selling :-** Some organization maintains websites which contain text or other material which can be sold as content for a price. Generally, a downloading facility is available to purchaser. Organization should determine the time at which delivery of the content to be complete and recognize the corresponding revenue.

Expenditure and accounting treatment :-

Rebates, discounts and other sales incentives: -

- Organization offers rebates or introductory offers at heavily reduced prices in order to stimulate sales and generate new customers; the value of such rebates should be reduced from turnover.
- Offer specific in relation to a particular customer, these should be shown by way of deduction from the value of turnover in statement of profit and loss account.
- General rebate should be treated as a selling and marketing expenses.
- Rebate in kind, an appropriate estimate of cost be made.

Website Development Cost :-

- Significant cost of organization in developing and maintaining internet websites to promote or advertise their products or services
- Cost incurred in planning stage shall be expensed
- Cost incurred in website application and infrastructure development stage shall be capitalized
- Cost incurred to develop graphics should be capitalized Cost incurred to develop content be expensed
- Cost incurred in operating stage be expensed
- First website should amortize in two years from site open to customer and new site developed expense in same year.

Conclusion :

As industry is undergoing significant transformation with substantial disruptive innovation in an evolving digital world; This is because information is costly to produce but cheap to reproduce. Remain update, grab opportunity and create history. With the application of correct accounting treatment we can reduce complexity and increase transparency.

IBA NEWS

Celebrated freedom



Tribute to our freedom fighters by Team IBA. Everyone was energized, ebullient and motivated to make this occasion special and memorable.

The New Normal @ IBA



Unity is strength...when there is teamwork & collaboration, wonderful things can be achieved. Thanks to all members for setting an example of commitment, professionalism and solidarity.

Upcoming Compliances

Date	Compliance
September 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 August 2020
September 13, 2020	Due date for furnishing of Form GSTR-6 for Input Service Distributor for the month of August 2020
September 14, 2020	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB and 194M in the month of July, 2020
September 15, 2020	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of August 2020 has been paid without the production of a challan
	Second instalment of advance tax for the assessment year 2021-22
September 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 August 2020
September 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.
September 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

September 30, 2020	<p>The due date for filing of return of income under section 139 has been extended to July 31, 2020 vide the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 read with Notification No. 35 /2020, dated 24-06-2020.</p>
	<p>Due Date for filing Form GSTR-9 and Form GSTR-9C for the specified class of taxpayers for the Financial Year 2018-19</p>
	<p>Due date for furnishing of challan-cum-statement in respect of tax deducted under Section 194-IA, 194-IB and 194M in the month of August 2020</p>
	<p>Return of income for the assessment year 2019-20 for all assessee. The due date for filing of return of income under section 139 for the assessment year 2019-20 has been extended to September 30, 2020 vide the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 read with Notification No. 35 /2020, dated 24-06-2020 and Notification No. 56/2020, dated 29-07-2020.</p>

**** 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:

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

Upcoming Compliances

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

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:

Upcoming Compliances

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.

Founded in the Year 2003, the company witnessed immense growth from 2 members to currently a 100 members team, with its offices in Delhi, Mumbai and Bengaluru and its clients from across states. IBA continues to offer wholesome service experience to boost highly valued client relationships by combining the technical and industry expertise at par with well-placed firms together with a personal commitment to optimize client service.

Contact Us



S-217, Panchsheel Park,
New Delhi -110017



Mail Us
info@ibadvisors.co



Call Us
+91-11-40946000



Visit Us
www.ibadvisors.co

We have our offices in Gurgaon, Mumbai and Bengaluru and associate arrangements in Chennai, Hyderabad, Ahmedabad and Kolkata

www.ibadvisors.co



Queries/Feedback/Suggestions on this newsletter may be addressed to: info@ibadvisors.co

A joint initiative of International Business Advisors LLP (IBA) and Nayar Maniar Sharma & Associates LLP (NMSA). IBA is a LLP registered under the Limited Liability Partnership Act, 2008 having its registered office at S-217, Ground Floor, Panchsheel Park, New Delhi – 110017, India.

For more information and past issues of ConneKt, kindly visit our website www.ibadvisors.co

You can also follow us at:



Disclaimer: The materials contained in this newsletter have been compiled from various sources. This information is for guidance only and should not be regarded as a substitute for appropriate professional advice. IBA accepts no liability with regard to the information herein or any action that may be taken by readers of this newsletter without any professional advice.