



# SBS *Interns'* Digest

An attempt to share knowledge

By

**Interns of  
SBS and Company LLP**

**CONTENTS**

<b>AUDIT.....</b>	<b>1</b>
AUDIT CONSIDERATIONS FOR BANK GUARANTEE.....	1
<b>INDIRECT TAX.....</b>	<b>4</b>
COMPOSITION SCHEME ON SERVICES.....	4
<b>DIRECT TAX.....</b>	<b>8</b>
SECTION 79 OF INCOME TAX ACT, 1961.....	8

**UPDATES**

<b>COMPANIES ACT, 2013.....</b>	<b>13</b>
RULES, CIRCULARS, NOTIFICATIONS AND ORDERS ISSUED DURING THE MONTH OF APRIL, 2019.....	13

## AUDIT

### AUDIT CONSIDERATIONS FOR BANK GUARANTEE

Contributed by Monika. A & Vetted by CA Bhyrav |

In our previous Article "**An Overview on Bank Guarantee**" published for the month April'19 we have discussed about the basics of Bank Guarantee such as need for bank guarantee, its types and process to obtain bank guarantee etc. let us now understand how to conduct an Audit of Bank Guarantee from an Applicants point of view.

#### Quick Recap:

A bank guarantee is a type of guarantee from a lending institution. The bank guarantee means a lending institution ensures that the liabilities of a debtor will be met. In other words, if the debtor fails to settle a debt, the bank will cover it. A bank guarantee enables the customer, or debtor, to acquire goods, buy equipment or draw down a loan.

#### Points discussed in the earlier Article:

- How Bank guarantees work and who uses them.
- Parties to Bank Guarantee.
- Scope of Bank Guarantee.
- Features of Bank Guarantee.
- Procedure for applying for a Bank Guarantee.
- Checklist for Guarantee issuance by Bank.
- Types of Bank Guarantee.
- Advantages of Bank Guarantee.
- Disadvantages of Bank Guarantee.

Now, let us understand how to conduct an Audit of Bank Guarantee from an Applicants point of view.

#### How to conduct an Audit of Bank Guarantee:

##### ✓ **Audit Objective:**

- To ensure that Bank Guarantees provided by the company are completely and accurately recorded as a contingent liability in the Notes to Accounts.
- To ensure that all recorded Bank Guarantees actually exist.
- To ensure that the Bank Guarantee commission is in line with the Bank Guarantees provided by the bank
- To ensure that all the Bank Guarantees given are presented and disclosed in accordance with the Companies Act 2013 along with the relevant AS/INDAS requirements.
- To Evaluate the effectiveness and efficiency of the process and related internal controls.
- To Evaluate the quality and integrity of information systems supporting the process in the Organization.

✓ **Information required:**

- Board resolution regarding Bank Guarantees
- Copy of Bank Guarantee Application Letter
- Bank Guarantee Limit Sanction Letter
- List of Bank Guarantees sanctioned by the bank during the Financial Year
- Contracts for which Bank Guarantees were obligatory
- Bank Guarantee Commission Charge Slips
- Fixed deposits linked with Bank Guarantee
- Assets mortgaged against Bank Guarantee (if any)
- Bank Guarantee submission / closure letter(s)
- Bank Guarantee extension letter(s)
- List of Authorized person for each activity, and others

✓ **Preliminary:**

- Get the confirmation of the process from the process owners.
- Rationalise the purpose of taking the Bank guarantee.

✓ **Vouching and Verification:**

- Assess the reasonableness of design of internal control system. Identify the preventive (exercised before incurrence of transactions and event) and detective (exercised after incurrence of transactions and event) controls established by management to support its assertions.
- Review the Bank Guarantee documentation for a sample selected as per SA 530, in accordance with the terms and conditions of Bank Guarantee.
- Check the terms and conditions of Bank Guarantee Limit Sanction Letter issued by the bank.
- Compare the bank guarantees sanctioned by the bank with the limits mentioned in the bank guarantee sanction letter.
- Compare the bank guarantee with the project for which bank guarantee has been issued. Check the existence of project.
- In case any project has been terminated prior to the end date, check if the bank guarantee has been obtained from the contractee and the same has been submitted to the bank for cancellation.
- In case of extension of project, check the letter submitted to the bank for extension of bank guarantee.
- Compare the commission charged by the bank with that of commission chargeable.
- In case of expiry of bank guarantee, verify that the bank guarantee agreement has been submitted to the bank.
- In case of bank guarantee linked with mortgage of assets - Post cancellation of bank guarantee, verify that the charge has been relieved.
- In case of bank guarantee provided against fixed deposits - Post cancellation of bank guarantee, verify that the fixed deposits have been relieved.
- Check on a sample of transactions that detective controls are appropriately been exercised and in case of any detection of error/ fraud, proper steps have been taken to avoid recurrence of the same.

- Ensure that management does not override the designed controls by:
  - i. Enquiring from the designated staff person
  - ii. Remain sceptical during performing test of design and test of effective operation
- Document the conclusion after performing test of controls and required level of assurance from substantive procedures.
- Verify board meeting minutes regarding approval of Bank Guarantees.

**Disclosure Requirements of Bank guarantee in Financials:*****As per schedule III of Companies Act 2013:***

- Bank Guarantee is to be shown as a Contingent Liability in Notes to Accounts.
- When any security by way of Cash margin like security deposit, FD etc and that can be shown under current assets in Balance sheet as Margin money on BG. When BG is settled or expired, entry for margin money should be reversed.
- The commission paid on BG shall be debited to Bank Guarantee commission. If in case BG commission is prepaid, then such amount should appear under short term loans and Advances in Current Assets. When bank guarantee is invoked, the concerned banker pays the amount to your creditor and the amount should appear as loan in your books.

---

*This article is contributed by Monika. A, Intern of SBS and Company LLP. The author can be reached at [interns@sbsandco.com](mailto:interns@sbsandco.com)*

## INDIRECT TAX

### COMPOSITION SCHEME ON SERVICES

Contributed by Supriya. M & Vetted by CA Manindar |

#### INTRODUCTION:

Similar to composition scheme under section 10 of CGST Act, 2017, as applicable to suppliers' of goods, a scheme to pay alternate tax is also made applicable to suppliers' of services as well as suppliers' of goods who have not satisfied the conditions relating to composition scheme under section 10, Provided the turnover of the suppliers of goods and services does not exceed the prescribed limit. Under this scheme, the suppliers of goods and services are entitled to pay GST at a concessional rate of 6%<sup>1</sup> without the option to claim ITC. In this regard, Notification No. 2/2019-Central Tax (Rate) dated 29.03.2019 has been issued. In this article, the salient features and conditions of this scheme is explained.

#### CONDITIONS FOR ELIGIBILITY:

This scheme is effective from 01.04.2019. This implies that those suppliers of goods and services who satisfy the conditions relating to this scheme are eligible to opt to pay tax at the concessional rate for the goods and services supplied for FY 2019-20 onwards. A registered taxable person who wants to pay tax by opting for this scheme shall be required to satisfy all the following conditions.

- ❖ The aggregate turnover of such registered person in the preceding financial year i.e. 2018-19 was Rs.50lakhs or below.
- ❖ The registered person should not be eligible to pay tax under composition scheme (i.e. section 10(1)). This implies that he may be engaged in supply of goods but the conditions relating to eligibility of composition scheme under section 10 has not been satisfied. Say, a person is engaged in supply of goods as well as supply of services beyond the limit<sup>2</sup> prescribed under second proviso to sub-section (1) of Section 10 of CGST Act, 2017.
- ❖ The registered person should not be engaged in making supplies which are not leviable to GST viz. Alcohol, Petroleum products.
- ❖ The registered person should not be engaged in making any inter-state outward supply of goods or services.
- ❖ The registered person shall not issue a tax invoice. Instead, a document called 'bill of supply'<sup>3</sup> shall be issued.
- ❖ The registered person shall mention on top of 'bill of supply' viz. "taxable person paying tax in terms of Notification No. 2/2019-Central Tax(Rate) dated 07.03.2019, not eligible to collect tax on supplies"
- ❖ The registered person opting to pay GST under this scheme shall be required to pay GST on the inward supplies of goods and services on which GST is required to be paid under reverse charge mechanism.

---

<sup>1</sup>3% CGST and 3% SGST

<sup>2</sup>Five lakh rupees or 10% of the total turnover of preceding financial year whichever is higher

<sup>3</sup>Prescribed under Rule 49 of CGST Rules, 2017 as a document akin to invoice but should be issued in connection with exempt and non-GST supplies.



- ❖ Where a registered person who has availed input tax credit prior to opting for this scheme shall be required to reverse by way of debit in electronic credit ledger of input tax credit availed on inputs held in stock or inputs contained in semi-finished goods and finished goods. The balance of input tax credit if any lying in electronic credit ledger shall lapse. Such reversals are required to be intimated to Commissioner in form GST ITC-03 as prescribed under Rule 3 of CGST Rules, 2017
- ❖ The registered person should not be a casual taxable person nor a non-resident taxable person.
- ❖ The registered person should not be engaged in making supply through e-commerce operator.
- ❖ The registered person should not be engaged in supply of notified goods viz. ice cream, pan masala, tobacco and other manufactured tobacco substitutes.
- ❖ Where more than one registered person having the same Permanent Account Number, if one registered person want to opt the proposed scheme then the same should be followed by all registrations under the same PAN.
- ❖ The registered person shall not collect any tax from the recipient, and he shall also not be entitled to any credit of input tax.

#### OTHER OBLIGATIONS OF REGISTERED PERSON OPTED FOR THIS SCHEME:

The following are the obligations the registered person is required to be satisfied during the period in which he has opted for the composition scheme.

- ❖ The registered person shall not issue a tax invoice. Instead, a document called 'bill of supply'<sup>4</sup> shall be issued.
- ❖ The registered person shall mention on top of 'bill of supply' viz. "taxable person paying tax in terms of Notification No. 2/2019-Central Tax(Rate) dated 07.03.2019, not eligible to collect tax on supplies"
- ❖ The registered person opting to pay GST under this scheme shall be required to pay GST on the inward supplies of goods and services on which GST is required to be paid under reverse charge mechanism.
- ❖ The person registered under the scheme should file the **GSTR-04** quarterly return which is to be filed on 18th of the month after the end of the quarter and he should also file Annual Return **GSTR-9A** shall be filed by 31st December of next financial year.

#### BENEFIT UNDER THE SCHEME:

Under the said scheme, a registered person whose aggregate turnover during the preceding financial year does not exceed 50 lakhs limit, shall now pay GST at the rate of 6% on supplies of goods and services made on or after 01.04.2019. The option to pay GST at such reduced rate shall be permitted upto first fifty lakhs of aggregate turnover. If the aggregate turnover, during the current financial year exceeds fifty lakh rupees, then the supplier is required to withdraw from the scheme and collect and pay tax at the regular applicable rates.

---

<sup>4</sup>Prescribed under Rule 49 of CGST Rules, 2017 as a document akin to invoice but should be issued in connection with exempt and non-GST supplies.

Under this scheme, the supplier of goods and services is not entitled to claim input tax credit of goods and services received by him in the course or furtherance of business or commerce. Further, the supplier cannot charge GST of 6% in the bill of supply issued by him. The person buying the goods or services from the supplier under this scheme shall not be entitled to any input tax credit.

#### **ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SCHEME:**

The scheme provides an option to suppliers of goods and services to pay tax at a concessional rate if the turnover does not exceed the prescribed limit. This will help many of the small suppliers of goods and services who are not covered under the composition scheme as prescribed under section 10 of the CGST Act, 2017 to opt to pay tax at a concessional rate.

The supplier of goods and services is need not be required to maintain detailed GST records, details relating to input tax etc. He is not required to file GSTR-3B return and GSTR-1 returns monthly.

On the flip side, the scheme restricts the supplies only to intra-state supplies. In case where supplies are inter-state, then the registered person will not be entitled to claim this benefit. Thus, the scheme limits the business operations only to supplies within the state.

#### **MANNER IN WHICH THE SCHEME CAN BE OPTED:**

No. 5(iii) of the said form. Circular 97/2019 dated 5th April, 2019 has extended the time limit for opting this scheme in FORM CMP-02 up to 30th April, 2019.

Any person who applies for registration and want to pay tax under the proposed scheme then at the time of registration he should intimate the option at serial no. 5 and 6.1(iii) of **FORM GST REG-01**.

#### **FILING OF RETURNS AND PAYMENT OF TAX:**

The registered person opting for this scheme is required furnish the return for every financial year in **GSTR-04** on or before the 30th day of April following the end of the financial year but, the registered person shall furnish a statement (Details regarding payment of self-assessed tax) for every quarter in FORM GST CMP-08 till 18th day of the month succeeding the quarter. Any delay in filing the said return will attract late fee.

As the person opted for this scheme is not eligible to take input tax credit. So, they are liable to pay tax by way of cash deposit in Electronic Cash Ledger and offsetting the same.

#### **PROCEDURE TO BE FOLLOWED WHEN THE TURNOVER EXCEEDS THE THRESHOLD LIMIT OR OTHER CONDITIONS ARE VIOLATED:**

In case where a registered person opted for this scheme has exceeded the prescribed turnover of Rs. 50 lakhs or the other conditions prescribed therein are violated, then the registered person is required to withdraw from the scheme. Intimation regarding withdrawal from the scheme shall be communicated in FORM GST CMP-04 which is to be filed in GST portal within seven days from the date of occurrence of such event.



Upon withdrawal from the scheme, the registered person shall be entitled to issue tax invoice, required to collect GST at regular rates from the recipients of supply and accordingly pay such GST to Government. The recipient of supply is entitled to take input tax credit of GST charged on these supplies.

In addition, the registered person shall on the date on which the option to pay GST under the scheme has been withdrawn, shall be entitled to claim input tax credit of GST paid on inputs lying stock and inputs contained in semi-finished goods and finished goods. In this regard, the claim shall be made by filing a form called FORM GST ITC-01. Such an intimation shall be made within 30 days from the date on which the option to pay GST under the composition scheme has been withdrawn.

#### **PROCEDURE TO BE FOLLOWED WHEN THE DEPARTMENT NOTICES THE VIOLATION OF CONDITIONS:**

Where the proper officer has reasons to believe that the registered person was not eligible for the proposed scheme or contravened the provisions relating to the scheme, then he may issue notice to the registered person in **FORM GST CMP-05** allowing that person to show cause within 15 days of receipt of such notice to explain as to why such option should not be denied. In this regard, the registered person is required to provide the reply to the said show cause notice in **FORM GST CMP-06**.

The proper officer shall issue an order in **FORM GST CMP-07** (i.e. within 30 days from the receipt of reply to show cause notice) either accepting or denying the option to pay the tax.

In case the option was withdrawn, then he should furnish a statement in **FORM GST ITC-01** containing the details of stock of inputs and inputs contained in semi-finished goods or finished goods held in stock on the date on which the option is withdrawn. Such form is required to be filed within 30 days from the date on which the order was passed in **FORM GST COM-07**.

#### **CONCLUSION:**

Before parting, the proposed scheme will benefit small tax payers who are engaged in providing services as they do not have much input tax credit. Though, the proposed scheme is also applicable to suppliers of goods who do not satisfy the conditions relating to section 10, the same can be opted for only in case the goods traded are with higher margins. Let us understand this by an example. Suppose, a person has purchased goods for Rs. 1000 and paid GST of Rs. 180 (18%). He is going to sell the same goods for Rs. 1300. In case the person is under this scheme, then the amount of tax to be paid on his outward supply Rs. 78 ( $1300 \times 6\%$ ). The total tax paid is Rs. 258. ( $180 + 78$ ). On the contrary, if the goods are sold at Rs. 1300 plus GST by taking input tax credit, the gross tax payable will be Rs. 234 ( $1300 \times 18\%$ ). The net tax payable by the person is Rs. 54 which is comparatively less than Rs. 78 under the scheme. Therefore, the traders should do a judicious analysis before deciding to opt for this scheme. In our understanding, the scheme would be beneficial only in case the margins of traded goods are on higher.

---

*This article is contributed by Supriya. M, Intern of SBS and Company LLP. The author can be reached at [interns@sbsandco.com](mailto:interns@sbsandco.com)*

**DIRECT TAX****SECTION 79 OF INCOME TAX ACT, 1961**

Contributed by Varshitha. N &amp; Vetted by CA Madhusudan &amp; CA Ramprasad |

Section 79 of Income Tax Act, 1961 deals with circumstances under which a company in which public are not substantially interested cannot set off and carry forward its losses incurred in the previous financial years. Before getting into the details of this section let us have a briefing about what is set off and what is carry forward

**Set off:**

When loss from one head of Income is adjusted against the income earned from same head or another head then it is called as Set Off of Loss against Income.

**Carry Forward:**

When the loss has not been set off due to any legal bar or insufficiency of income from other eligible source or head then it can be carried forward to a subsequent year for set off against income of that year.

Set off of losses can be done against the income from the same head or other head i.e. Intra head or Inter Head.

Chapter VI under Income Tax Act deals with provisions relating to set off and carry forward of losses, which lays the following conditions relating to intra and inter head set off of losses:

Type of Loss	Set off during the year	Set off during next A. Y
House Property Loss	Intra and Inter Head	Intra head only
Speculative Business Loss	Only with speculative business profit	Only with speculative business profit
Specified Business loss u/s 35AD	Only with specified business profit	Only with specified business profit
Business Loss	Intra and Inter Head except income from salaries	Intra head only
Short Term Capital Loss	Short term and long-term capital gains	Short term and long-term capital gains
Long term capital Loss	Long term capital gains only	Long term capital gains only
Losses on owning and maintaining horses	Profits from owning and maintaining horses	Profits from owning and maintaining horses

**Section 79 of Income Tax Act, 1961:**

This section specifies the conditions under which a company cannot set off or carry forward the losses it has incurred in the previous financial years.

**Conditions for applicability of section 79:**

Following are the triggering points for making section 79 coming into action:

- Company is **a company in which public are not substantially interested**  
And
- There should be change in **beneficial shareholding** of the company by more than 49(*i.e., It is not applicable if the shares carrying 51% or more of voting power were held beneficially by those persons on the last day of the previous year, who beneficially held shares carrying 51% or more of the voting power on the last day of the year or years in which the loss was incurred*)

If the above two conditions are satisfied, then section 79 becomes applicable and as a result the company cannot set off and carry forwards losses it has incurred in the previous financial years.

For determining the applicability, a better understanding of the following terms is necessary:

**Company in which public are substantially interested:**

- Government or Reserve Bank or any corporation owned by such bank should own or hold not less than 40% shares of the company.
- Company registered under section 25 of companies act, 1956.
- Nidhi company as declared by Central Govt. under section 620A of companies act, 1956.
- Company in which voting power of not less than 50% is beneficially held by one or more co-operative societies
- Any company as having no share capital and regarding to its objects, the nature and composition of membership and relevant considerations declared by order of board only for such assessment year or years as provided in such declaration.
- Not a private company as defined in companies act and
  - Company listed in any recognised stock exchange or
  - More than 50% of voting power should be held by Government or corporation established by centre or state act or
  - Subsidiary of such company to which this clause applies.

This section becomes applicable when the company is a company in which public are not substantially interested. According to the above definition if a company in which public are not substantially interested (Closely Held Company) is a subsidiary of a company in which public are substantially interested (Widely Held Company) then it is deemed to be a widely held company.

Now the question arises is ***“If in the F.Y if more than 49% of a closely held company’s shares are acquired by a widely held company whether section 79 becomes applicable?”***

**Answer:** Yes

**Reason:** Status of company at the time when change in shareholding pattern takes place is relevant to determine the applicability of provisions of section 79 i.e., whether it is a closely held company or widely held company at the time when the change in shareholding pattern takes place. If it is a closely held company at that point of time, then the provisions of section 79 would apply and if it is a widely held company at that point of time, the provisions of section 79 will not apply.

### **Beneficial Share Holding:**

Section 79 will become applicable if there is a change of more than 49% of beneficial shareholding. Now, what is ***Beneficial Share Holding?***

*The term beneficial shareholding is not defined in Income Tax Act, 1961. So, let us take the help of following cases to get a better understanding of the term.*

### **Case I:**

*In the facts of the case, company Z is a wholly owned subsidiary of company X and had unabsorbed losses. During the Financial Year company X has transferred 45% of company Z shareholding to company Y which is a wholly owned subsidiary of company X and 49% to a third-party company. As a result, the direct shareholding of company X in Company Z was reduced to only 6%. Because of these transactions there is a change of more than 49% of shareholding in company Z.*

In this case the court held that even though the direct shareholding of company X has been reduced to 6%, the beneficial shareholding is 51% together with its wholly owned subsidiary Company Y.

For section 79 becoming applicable there should be a change in beneficial shareholding of company by more than 49%. In this case the change is only 49% and hence this section does not become applicable and company Z can set off or carry forward the losses it has incurred in previous years.

**Case:** CIT v. AMCO Power Systems Ltd. [2015] 379 ITR 375/235

### **Case II:**

*In the facts of the case, Yum Restaurants (India) Private limited (Yum India) was a part of the Yum Restaurants Group, whose 99.99% shares were held by its immediately holding Company Yum Restaurants Asia Private Limited (Yum Asia), with its ultimate holding company being Yum Brands INC. USA (Yum Asia). In the F.Y total shares of 99.99% of Yum India were transferred to Yum Singapore as part of restructuring the group. Because of these transactions there is a change of more than 49% voting power in Yum India.*

In this case the Delhi High Court has held that there is a change of beneficial shareholding by more than 49% because the predecessor and successor companies i.e. Yum Asia and Yum Singapore are distinct from each other, and the factum of them being subsidiaries of ultimate holding company, does not mean that there is no change in the beneficial interest.

**Case:** *Yum Restaurants (India) (P.) Ltd.v. Income-tax Officer, Ward-18 (4), New Delhi*

By seeing the judgements given by various courts, it can be said that the **company is required to show** that there is no change in persons beneficially holding the shares with the prescribed voting power on the last day of previous year in which the set off is sought to be carried.

**Conditions under which a company in which public are not substantially interested can set off or carry forward its losses:**

- Company must be an eligible start up as referred to in section 80IAC of Income Tax Act, 1961.
- All the shareholders who held the shares on the last day of previous year in which loss was incurred should hold the shares as on the last date of the previous year.
- Such loss has been incurred during the first 7 years in which the company is incorporated

**Eligible start-ups u/s 80IAC of Income Tax Act, 1961:**

- Incorporated on or after 1-04-2016 but before 01-04-2021
- Turnover ≤ 25 crore rupees
- Hold a certificate of eligible business from Inter Ministerial Board of Certification

**Example:**

Mr. A and Mr. B have a share capital of Rs. 5,00,000/- each in company A having a total share capital of Rs. 10,00,000 as on 31-03-2018 i.e. F.Y 2017-18. During the F.Y 2018-19 they increased the share capital to Rs. 20,00,000 and the capital of Rs. 10,00,000 has been acquired by a third-party investor and the share holding pattern resulted as follows:

Mr. A – 25%

Mr. B – 25%

Third party Investor – 50%

In this case even though there is a change in beneficial shareholding of more than 49% section 79 does not apply. As, for the companies which are eligible start-ups u/s 80IAC the condition is “shareholders of such company who held shares carrying voting power on the last day of the year or years in which the loss was incurred continue to hold those shares on the last day of such previous year”. The shareholders A and B continue to hold shares even after change in the share holding pattern and hence the company can carry forward its losses to next Assessment Years.

**Exceptions for applicability of Section 79 of Income Tax Act, 1961:**

- Change in shareholding has taken place under the circumstances of death of a shareholder or on account of transfer of shares by way of gift to any relative of such share holder.
- Change in the shareholding of an Indian company which is a subsidiary of a foreign company as a result of amalgamation or demerger of a foreign company subject to the condition that 51% shareholders of the amalgamating or demerged foreign company continue to be the shareholders of the amalgamated or the resulting foreign company.
- Change in shareholding takes place in a previous year pursuant to a resolution plan approved under the Insolvency and Bankruptcy Code, 2016.

**Unabsorbed Depreciation:**

- This section deals only with set off and carry forward of losses, but not depreciation that has been accumulated.
- Depreciation as in any other case can be carried forward to infinity period irrespective of the loss

---

*This article is contributed by Varshitha. N, Intern of SBS and Company LLP. The author can be reached at [interns@sbsandco.com](mailto:interns@sbsandco.com)*



**COMPANIES ACT, 2013****RULES, CIRCULARS, NOTIFICATIONS AND ORDERS ISSUED DURING THE MONTH OF APRIL, 2019****RULES****❖ The Companies (Incorporation) Fourth Amendment Rules, 2019, Dt: 25.04.2019.**

Vide the said rules, the Central Government has made amendments to the Companies (Incorporation) Rules, 2014 (principal rules), in principal rules in rule 25A the words “on or before 25.04.2019” is substituted with “on or before 15.06.2019”, which provides that due date for filing Form INC-22A (ACTIVE) is extended from 25.04.2019 to 15.06.2019.

Further provided that companies which failed to file INC-22A within 15.06.2019 shall be marked as “ACTIVE non-compliant” and only after filing the form by paying late fee the company shall be marked as “ACTIVE Compliant”.

[http://www.mca.gov.in/Ministry/pdf/CompaniesIncorporationFourthAmendmentRules\\_25042019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesIncorporationFourthAmendmentRules_25042019.pdf)

**❖ The Companies (Registration Offices and Fees) Second Amendment Rules, 2019, Dt: 25.04.2019.**

Vide the said rules, the Central Government has made amendments to the Companies (Registration Offices and Fees) Rules, 2014 (principal rules), in principal rules in Annexure, fee for filing e-form ACTIVE is substituted with the content that the fee payable till 15.06.2019 is NIL, fee payable after 15.06.2019 is Rs.10,000.

[http://www.mca.gov.in/Ministry/pdf/CompaniesRegistrationOfficesFeesRule\\_25042019.pdf](http://www.mca.gov.in/Ministry/pdf/CompaniesRegistrationOfficesFeesRule_25042019.pdf)

**CIRCULARS****❖ General Circular No.4, Dt: 04.04.2019 - Extension of last date for filing e-form CRA-2:**

Vide the said General Circular, Ministry has extended due date for filing e-form CRA-2 (intimation of appointment of cost auditor by company to Central Government) without additional fee upto 31.05.2019, this relaxation is applicable only to those companies which have been mandated to get its cost records audited for the first time as per applicable rules under the Companies Act, 2013.

[http://www.mca.gov.in/Ministry/pdf/GeneralCircular042019\\_05042019.pdf](http://www.mca.gov.in/Ministry/pdf/GeneralCircular042019_05042019.pdf)

**❖ General Circular No.5, Dt: 12.04.2019 –Filing of one time return in e-form DPT-3:**

Vide the said circular ministry has clarified that companies which require to file one time return of outstanding receipt of money or loan in e-form DPT-3 (as per rule 16A of Companies (Acceptance of deposits) Rules, 2014) need to include the outstanding money or loan from 01.04.2014 to 31.04.2019 (instead of 22.01.2019 date of notification).

Further clarified that due to pending the deployment of Form DPT-3 on MCA portallate fee shall be levied after 30 days from the deployment of form.

[http://www.mca.gov.in/Ministry/pdf/CircularDPT-3Form\\_12042019.pdf](http://www.mca.gov.in/Ministry/pdf/CircularDPT-3Form_12042019.pdf)

#### NOTIFICATIONS

No Notifications were issued during the month.

#### ORDERS

No Orders were issued during the month.

**SATURDAY SESSIONS**

S.No.	Event	Date	Speaker	Venue
1	Deemed dividend u/s 2(22)(e)	04/05/2019	Murali	SBS - Hyd
2	Audit of trade receivables		Raghuram	SBS - Hyd
3	Refund under GST	11/05/2019	Divya	SBS - Hyd
4	Filing of FC-GPR in Firms Portal		Laasya	SBS - Hyd
5	Discussion on any of the interns digest	18/05/2019	-	SBS - Hyd
6	SA-260 Communication with those charged with governance		Suma	SBS - Hyd
7	Applicability of GST on GTA services, when Place of Supply is outside India	25/05/2019	Bharadwaja	SBS - Hyd
8	Section 148 under Income Tax Act, 1961		Harini	SBS - Hyd

**SESSION TIMINGS: 2:30 to 4:30 PM****Concept of Agent under GST - Bharadwaja****Depository Receipts - Arun****Penalty us 270A of Income Tax Act,1961 - Indu****Insights of composite and mixed supplies - Sukanya**



© All Rights Reserved with SBS and Company LLP



**Hyderabad:** 6-3-900/6-9, Flat # 101, 103 & 104, Veeru Castle, Durganagar Colony, Panjagutta, Hyderabad, T.S - 500 082.

**Kurnool :** 40/838, #302, 3<sup>rd</sup> Floor, V V Complex, R.S. Road, Near SBI Main Branch, Kurnool, A.P – 518 004.

**Nellore :** 16-6-259, 1st Floor, Near Santhi Sweets, OPP. SBI ATM, Vijaymahal Centre, Nellore , A. P - 524 002.

**Sri City:** Sri City Trade Centre, Ground Floor, Suite No 102, 2880, Central Expressway, Sri City Post, Tada, A.P - 517 646

**Visakhapatnam:** 50-50-32/3, 1stFLOOR, T.P.T Colony, Seethammadara, Visakhapatnam, A. P – 530 013.

---

### **Disclaimer:**

*The articles contained in **SBS Interns' digest**, are contributed by the respective resource persons and any opinion mentioned therein is his/their personal opinion. **SBS Interns' digest** is intended to be circulated among fellow professional and clients of the Firm, to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). The information provided is not for solicitation of any kind of work and the Firm does not intend to advertise its services or solicit work through **SBS Interns' digest**. The information is not intended to be relied upon as the sole basis for any decision. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.*

**SBS AND COMPANY LLP [Firm]** does not endorse any of the content/opinion contained in any of the articles in **SBS Interns' digest**, and shall not be responsible for any loss whatsoever sustained by any person who relies on the same.

To unsubscribe, kindly drop us a mail at [interns@sbsandco.com](mailto:interns@sbsandco.com) with subject 'unsubscribe'.