

Changes for New Year

WELCOME 2021





SHORT STORY

Sometimes a story can teach much more than entire philosophical treatises

A farmer couple had a pet mongoose. One day, the farmer and his wife had to urgently go out of the house for work, and so they left the mongoose with their infant, assured that he would guard their baby well. While they were gone, a snake stealthily entered the house and moved towards the cradle to attack the infant. The smart mongoose fought and killed the snake in order to protect the baby.

When the farmer's wife returned home, she was shocked to be greeted by blood stains on the mongoose's mouth and teeth. She lost her temper and shouted, "You killed my baby!" In her anger, she lost all control and killed the loyal mongoose. When she entered her house, she saw the baby alive, and the dead snake beside him. She realised what happened and regretted her actions.

Moral of the Story: Think before you act.

04 # Changes
w.e.f Jan'21

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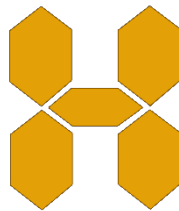
11 # By2Coffee



WISHING ALL OUR READERS
A VERY HAPPY AND PROSPEROUS
NEW YEAR



2021



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C H A N G E

2020

2021

Several rules that have a major impact in the lives of common man are going to change from January 1. These rules range from Cheque payment, LPG Cylinder prices, GST to name a few.

Since these rules are going to affect your everyday life, it is important to know more about these changes in detail.

CHEQUE PAYMENTS RULE

In a bid to check banking fraud, the Reserve Bank of India had a couple of months ago decided to introduce the "positive pay system" for cheque, under which re-confirmation of key details may be needed for payments beyond Rs 50,000.

This Cheque payments rule of positive pay system is effective from January 1, 2021. While availing of this facility is at the discretion of the account holder, banks may consider making it mandatory in case of cheques for amounts of Rs 5lakh and above.

WHATSAPP TO STOP WORKING ON SELECT PHONES

Popular messaging platform WhatsApp will withdraw support from certain platforms from January 1. Mentioning about supported operating systems, WhatsApp page mentions that it provides support for and recommend using these devices: Android running OS 4.0.3 and newer; iPhone running iOS 9 and newer; and Select phones running KaiOS 2.5.1 newer, including JioPhone and JioPhone 2.

LPG CYLINDER PRICES

Oil marketing companies revise the prices of LPG on the first day of every month depending on the crude rates in the international markets.

CAR PRICES

Car market leader Maruti Suzuki India and home grown Mahindra and Mahindra will increase prices of its vehicles from January 1 to offset the adverse impact of rising input costs.

CONTACTLESS CARD TRANSACTIONS LIMIT

The Reserve Bank of India (RBI) has said that the limits for contactless card transactions and e-mandates for recurring transactions through cards and UPI will be enhanced from Rs 2,000 to Rs 5,000 from January 1, 2021. RBI said that the move is aimed to expand adoption of digital payment in a safe and secure manner.

These are also well-suited to make payments in a safe and secure manner, especially during the current pandemic. This will depend on mandate and discretion of customers.

2021



LANDLINE TO MOBILE PHONE CALLS

Callers will soon be required to add '0' prefix for making calls from landlines to mobile phones in the country, with the telecom department asking telcos to make necessary arrangements by January 1 to implement the new system. The department has accepted sectoral regulator Trai's recommendation for having the '0' prefix for such calls, a move that will create sufficient numbering space for telecom services.

FASTAG FOR ALL FOUR-WHEELERS

The Union Ministry of Road Transport and Highways has issued a notification making a FASTag mandatory for all four-wheel vehicles from February 15, 2021. FASTag has become mandatory for M and N class four-wheelers sold before December 1, 2017. For this, the Central Motor Vehicles Rules, 1989 were amended. The ministry issued a notification regarding this on November 6.

MULTI-CAP MUTUAL FUND SCHEMES

Google Pay is all set to kill the user to user payments facility on its web app and add a fee for instant money transfers. Till now, the customers were able to manage payments and send money over the mobile app or from pay.google.com. According to the recent notification of Google, the web app site will no longer work from January 2021.

GST-REGISTERED SMALL BIZ

Businesses with up to Rs 5 crore turnover will have to file only four GST sales returns, or GSTR-3B, from January instead of twelve returns at present. The Quarterly filing of Return with Monthly Payment (QRMP) Scheme would impact almost 94 lakh taxpayers, about 92 per cent of the total tax base of the goods and services tax (GST). With this, from January onwards, small taxpayers would need to file only eight returns (four GSTR-3B and four GSTR-1 returns) in a year.

GOOGLE PAY WEB APP

As per the new norms of SEBI, multi-cap mutual fund schemes are mandated to invest at least 25% each in large-cap, mid-cap, and small-cap stocks. Earlier, this category had the flexibility to invest anywhere.

SEBI has given fund houses time till Jan'21. Many multi-cap schemes may shift their category to 'Flexi-cap' (newly introduced) rather than comply with the new rules.

STANDARD TERM LIFE INSURANCE PLAN

The Insurance Regulatory and Development Authority of India (IRDAI) has mandated life insurance companies to provide a standard individual life term insurance policy from January 1, 2021. This standard term insurance product will be called Saral Jeevan Bima with the insurer's name prefixed to the product name. The Saral Jeevan Bima is expected to offer a minimum sum insured of Rs 5 lakh and maximum sum insured of Rs 25 lakh.



OVERVIEW - STPI

Reserve Bank of India (RBI) regulates overseas direct investment (ODI) made by Indian entities and resident individuals in Joint ventures (JV) and Wholly owned subsidiaries (WOS) outside India pursuant to Foreign Exchange Management (Transfer of Issue of any Foreign Security) Regulations, 2004 (Regulations).

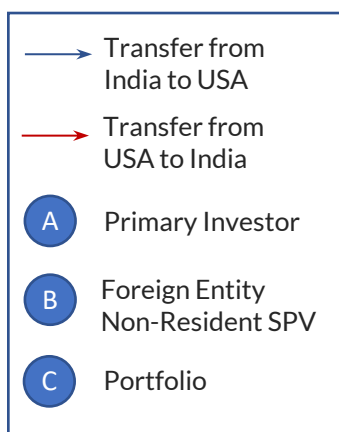


RBI vide FAQs issued in May 2019 clarified that a foreign joint venture or wholly-owned subsidiary cannot be used by Indian company or resident individual to route investments back into India. The said FAQs were further updated on September 19, 2019 clarifying that Indian company or resident individuals seeking exemption from the above restriction need prior approval from RBI before entering such transactions.

Refer: <https://m.rbi.org.in/Scripts/FAQView.aspx?Id=32>

WHAT IS ROUND TRIPPING

- Round tripping as a term is nowhere defined under FEMA, nor in any circulars issued by RBI
- The ordinary meaning of 'round-tripping' is a journey to a place and back again
- It refers to a strategy wherein an Overseas Entity is established for the sole purpose of routing funds back to India
- Differential rates of taxes for foreign and Indian investors have been the primary driver for such round tripping.
- The Foreign Investment Promotion Board (FIPB) shall refer all such arrangements to the Income Tax Authorities.





RBI FAQ

64. Can an Indian Party (IP) set up a step-down subsidiary/joint venture in India through its foreign entity(WOS/JV) directly or indirectly through step down subsidiary of the foreign entity?

Ans: No, the provisions of Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time, dealing with transfer and issue of any foreign security to Residents do not permit an IP to set up Indian subsidiary(ies) through its foreign WOS or JV nor do the provisions permit an IP to acquire a WOS or invest in JV that already has direct/indirect investment in India.

The FAQ provides two restrictions:

- IP cannot set up subsidiary through WOS or JV;
- IP cannot acquire WOS or invest in such JV that already has direct/ indirect investment in India.

CONTRADICTING PROVISIONS

While, the intent of RBI is very clear from aforesaid, there is no express provision in the Regulations prohibiting the investments. In fact, certain provisions of the Regulations provide otherwise.

Prohibitions under the Regulations

- Indian Parties are prohibited from making investment (or financial commitment) in foreign entity engaged in real estate (meaning buying and selling of real estate or trading in Transferable Development Rights (TDRs) but does not include development of townships, construction of residential/commercial premises, roads or bridges) or banking business, without the prior approval of RBI.*
- An overseas entity, having direct or indirect equity participation by an Indian Party, shall not offer financial products linked to Indian Rupee (e.g. non-deliverable trades involving foreign currency, rupee exchange rates, stock indices linked to Indian market, etc.) without the specific approval of the Reserve Bank. Any incidence of such product facilitation would be treated as a contravention of the extant FEMA regulations and would consequently attract action under the relevant provisions of FEMA, 1999.*

PERMISSION TO INVEST BY WAY OF SWAP OF SHARES

In cases of investment by way of swap of shares, irrespective of the amount, valuation of the shares will have to be made by a Category I Merchant Banker registered with SEBI or an Investment Banker outside India registered with the appropriate regulatory authority in the host country. Approval of the Foreign Investment Promotion Board (FIPB) will also be a prerequisite for investment by swap of shares, if required in terms of Notification No. FEMA 20/2000-RB dated May 3, 2000.

The aforesaid provisions permit the Indian entity to invest in JV/WOS against swap of shares as per provisions for foreign direct investment. This provision is then contrary to what is stated by RBI in the FAQ. This will result in the JV/WOS to have investment in India.

Insertion in the FAQ's cannot be the correct way of addressing such crucial issue as this can surely be the deal breaker in case of acquisitions of JV/WOS and can also pose concerns for existing JV/WOS having investments in India.



Ernakulam District Telecom & BSNL Employees Co-op Society Ltd. v. ITO [Kel HC]

Where assessee's rectification application was dismissed in a mechanical manner without even affording an opportunity of hearing to assessee, in such a situation, assessee was not to be relegated to avail alternative remedy of filing appeal rather, impugned order was to be set aside and matter was to be remanded back to respondent no. 1 for disposal afresh in accordance with law



ITO v. Abdul Kayum Ahmed Mohd. Tamboli [Mum Trib]

Where, assessee, a civil contractor, transferred development rights of a property to a builder and received part payment for same, provisions of section 2(47)(v) would not apply to said transaction as same were applicable only in case of capital assets held by assessee

CIT v. Banjara Developers & Constructions (P.) Ltd. [Kar HC]

Where assessee, engaged in construction of flats, was consistently following completed contract method of accounting and said method had been accepted by revenue authorities in past, there was no justification on part of Assessing Officer to change same and to determine income of assessee on estimate basis in assessment year in question

Subramania Siva v. ITO [Mad HC]

Where bank/deductor, instead of generating form 16A, issued Manual Form 16A to assessee evidencing TDS towards tax paid for interest amount, assessee was to be directed to approach department by making application enclosing Form 16A and department would consider claim of assessee and take action.

Tata Education and Development Trust v. ACIT [Mum Trib]

Where assessee claimed exemption of income applied outside India for educational purpose under section 11(1)(c), in view of fact that assessee had specific approval from CBDT for said purpose, claim so raised was to be allowed

CIT v. Gigabyte Technology (India) Ltd [Bom HC]

Obsolete stocks of laptops & motherboards which couldn't be sold is allowable as expenditure under section 37(1)





Shiv Raj Gupta v. CIT [SC]

Amount received by assessee as non-competition fee on executing deed of covenant was not taxable under section 28(ii); it was exempt as capital receipt

DCIT v. Samsung Heavy Industries Co. Ltd. [SC]

Where assessee, a Korean company, was awarded a project by ONGC for purpose of surveys, design, etc., in view of fact that assessee was not carrying on its core business through its Project Office in India, said Project Office would not constitute permanent establishment within meaning of article 5(1) of DTAA between India and Korea

Yogesh Mavjibhai Gala v. PCIT [Mum Trib]

Holding period for purpose of capital gains has to be reckoned from date of allotment of flat and not date of possession of flat

Harshvardhan Constructions v. ITO [Mum Trib]

Only a reason to believe is all that is relevant for reopening a concluded assessment; it is not necessary that material before Assessing Officer should conclusively prove that income chargeable to tax had escaped assessment

UPDATES

Nature of Compliance	Due Date
<ul style="list-style-type: none"> o ITR filing in any other case i.e. <i>(individual taxpayers whose accounts are not required to be audited)</i> 	10-Jan-2021
<ul style="list-style-type: none"> o Furnishing of tax audit report for the assessment year 2020-21 o Furnishing of Transfer Pricing Audit Report in Form 3CEB for the assessment year 2020-21 o Filing of declaration to opt for Vivad Se Vishwas Scheme 	15-Jan-2021
<ul style="list-style-type: none"> o ITR filing for a company assessee o ITR filing if assessee is required to furnish a report of transfer pricing (TP) Audit in Form No. 3CEB o ITR filing for any assessee who is required to get its accounts audited under the Income-tax Act or under any other law o ITR filing for an assessee who is a partner in a firm whose accounts are required to be audited 	15-Feb-2021
<ul style="list-style-type: none"> o GSTR 9/9A/9C for F.Y.2019-20 	28-Feb-2021



Statute	Due date	Form	Period	Who should file?
GST	10-01-2021	GSTR 7	Dec-20	GSTR 7 is a return to be filed by the persons who is required to deduct TDS (Tax deducted at source) under GST
GST	10-01-2021	GSTR 8	Dec-20	GSTR-8 is a return to be filed by the e-commerce operators who are required to deduct TCS (Tax collected at source) under GST.
GST	11-01-2021	GSTR 1	Dec-20	Taxpayers having an aggregate turnover of more than Rs. 1.50 Crores or opted to file Monthly Return
GST	13-01-2021	GSTR 1	Oct-20 - Dec-20	For the quarter October to December 2020
GST	13-01-2021	GSTR 6	Dec-20	Input Service Distributors
GST	18-01-2021	CMP-08	Oct-20 - Dec-20	Taxpayers who have opted for composition scheme
GST	20-12-2020	GSTR 5 & 5A	Dec-20	Non-Resident Taxpayers and ODIAR services provider
GST	20-01-2021	GSTR 3B	Dec-20	The due date for GSTR-3B having an Annual Turnover of more than 5 Crores
GST	22-01-2021	GSTR 3B	Dec-20	Taxpayer having turnover upto ₹5 crores in previous financial year (monthly return) in the state of Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, Daman & Diu, and Dadra & Nagar Haveli, Puducherry, Andaman, and Nicobar Islands, Lakshadweep
GST	24-01-2021	GSTR 3B	Dec-20	Taxpayer having turnover upto ₹5 crores in previous financial year (monthly return) 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, Odisha, Jammu and Kashmir, Ladakh, Chandigarh, Delhi
Income Tax	07-01-2021	Challan No. ITNS-281	Dec-20	Payment of TDS/TCS deducted /collected in December 2020.
Income Tax	10-01-2021	Form- 1 to 7	FY 2019-20	Filing ITR for AY 2020-2021 for non-audit cases. (extended due date)
Income Tax	10-01-2021	Form- 1 to 7	FY 2019-20	Self assessment tax for small and middle class taxpayers for tax liability up to 1 lakh
Income Tax	15-01-2021	Tax Audit Report	FY 2019-20	Tax Audit Report and report in respect of international/specified domestic transaction for the FY 2019-20 (extended due date)
Income Tax	15-01-2021	TCS Return	Quarterly	Quarterly TCS Return under Income Tax
PF	15-01-2021	PF Returns	Dec-20	E-payment of Provident Fund
ESI	15-01-2021	ESI Returns	Dec-20	ESI payment
Income Tax	30-01-2021	Form 26QB	Dec-20	Deposit of TDS on payment made for purchase of property in November.
Income Tax	31-01-2021			Payment of Tax under Vivad se Vishwas act, 2020 (extended due date)
Companies Act	14-01-2021	ADT 1	-	If the AGM held on 31.12.2020
Companies Act	29-01-2021	AOC 4	-	If the AGM held on 31.12.2020
Shops & Establishments	31-01-2021	Form-U	2020	Annual Return for the Calendar Year 2020

App of the Month -

PACKPOINT



You keep on forgetting the most important things while packing? PackPoint is a free travel packing list organiser that will literally pack the bag for you. The app helps in keeping a tab of the essential items that you would need for your trip. It also tells you what to pack according to the destination and its atmospheric conditions. You can link it with the travel planner apps like 'Triplt' and it will automatically create a packing list.

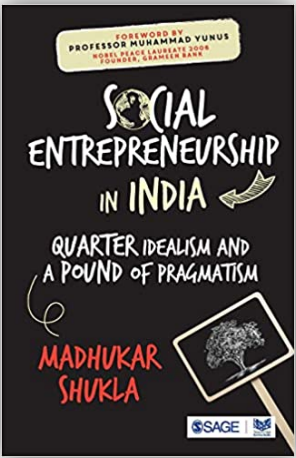
Click of the Month



Book of the Month -

SOCIAL ENTREPRENEURSHIP IN INDIA

"Whatever you do, do it well"



- o 100 pages
- o Published in 2016
- o BTF Publishing Pvt Ltd

India is fast becoming a centre for social entrepreneurship and business strategies, through which individuals are striving to solve our

social, cultural and environmental problems. Social Entrepreneurship In India uses real-life examples of such successful ventures, gives us an insight into the minds of creative entrepreneurs, and tips on how to build similarly successful models and how to reach each and every corner of the country using those methods. For every businessperson looking for advice on social entrepreneurship, this is where your search ends.

Doctor's Diary

BEETROOT



The beet is a bulbous, sweet root vegetable that most people either love or hate. It's not new on the block, but it's risen to superfood status over the last decade or so. It helps in lowering blood pressure, Improves exercise stamina, improve muscle power, maintain a healthy weight, prevent cancer, supports your liver.

Trivia

Though the company was bought for just 10 lakh Rupees a long time ago and is now a multi-billion electrical goods company, it's an Indian company and is still named after its original owner, Haveli Ram Gupta.



Havell's is purely an Indian brand & named after its first owner