

EDITOR'S DESK



Dear Readers,

"It is when the horizon is the darkest and human reason is beaten down to the ground that faith shines brightest and comes to our rescue."

During the phase of COVID-19 a global pandemic, the entire world is giving a tough fight since last 6 months. The government has announced an Economic Stimulus package of Rs. 20 lakh crores to strengthen and revive our economy. The period of pandemic has shown that, faith is the key to success. We have witnessed the optimum utilization of digitalization with a total transformation in working pattern of the business.

As you might be aware, during this pandemic we have developed 2 new products / service line to help our clients to serve in the best possible manner during the tough time. The same includes:

- A. **Virtual Services** - Transforming Services to Digital Platform
- B. **MSME Services** – Assisting the entrepreneurs under MSME from their seed to tree stage

Further, to boost the moral of the employees and make the starting day of week energetic we have started with the concept of **Monday Motivation Mantra** where we share motivational stories to the staff members of our client.

With the drive to provide better services to the clients in this dynamic environment, we are launching new material on the special occasion of **CA Day** which is **“UPDATE – The News Letter”** a monthly addition of Parikh & Associates. This document is designed with the motive to provide you a compliance calendar with the regular due dates falling in the coming month along with an excel trick and a motivational story.

Hope you find the same useful.

On this CA Day, we would acknowledge the responsibility of rendering quality services and being partner in Nation Building.

Stay Safe and Stay Updated.

CA Vedant K. Parikh

Managing Partner



1. Direct Tax Updates



2. Indirect Tax Updates



3. Motivational Mantra



4. Skill Desk

Ordinance for relaxation

Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020

As per Notification No. 35/2020/F. N.370142/23/2020-TPL

I. Return of Income

A. For Financial Year 2018-19 (A.Y. 2019-20)	31/03/2020	→	31/07/2020
B. For Financial Year 2019-20 (A.Y. 2020-21)	31/07/2020 & 31/10/2020	→	31/11/2020

II. Tax Deducted at Source / Tax Collected at Source (TDS/TCS)

31/05/2020 → 31/07/2020

III. Certification in respect to deduction / payment u/s 192 of the act for FY 2019-20

Extended to → 15/08/2020

IV. Section 54 & 54GB

Extended to → 30/09/2020

V. Chapter VI-A Deductions for P.Y. 2019-20

31/03/2020 → 31/07/2020

VI. Tax Audit Report for P.Y. 2019-20

30/09/2020 → 31/10/2020

VII. Last date for commencing operation in SEZ for deduction u/s 10AA

31/03/2020 → 30/09/2020

VII. To start procedure to take new number u/s 12AB / 80G

01/06/2020 → 01/10/2020

Sec. 194N - TDS on cash withdrawal

QUESTION

ANSWER

01 Rational behind Introduction of Section 194N ?

To promote digital economy and to widen tax base by finding persons who are not filling Income tax return and involve in huge amount of cash transaction.

02 Who will deduct TDS under section 194N ?

1. Banking company to which Banking regulation act, 1949 applies.
2. Co-operative societies engaged in business of banking.
3. Post office.

03 What is applicability of section 194N ?

Section 194N will apply to all the persons except specified in act or notified by government.

04 What is TDS rate up to June, 2020

2% on withdrawal of cash of more than Rs. 1,00,00,000

05 What is TDS rate from 1st July, 2020 ?

TDS deduction rate from 1st July, 2020 is bifurcated on two parts.

1. If person has not filled income tax return for Three Previous Assessment years for which due date is time limit u/s 139(1) is expired than TDS should be deducted at 2% for Cash withdrawal exceeding amount Rs. 20,00,000 to Rs. 1,00,00,000 5% for Cash withdrawals exceeding amount Rs. 1,00,00,000.
2. In other cases 2 % for amount exceeding Rs. 1,00,00,000

Illustration

Scenario 1. Mr. A had not filled Income tax return for Previous 3 A.Y.

Case 1. Withdrawal in cash is
Rs. 40,00,000

TDS on Rs. 20,00,000 should be deducted at 2% i.e. Rs. 4,000 while paying additional Rs. 20,00,000 to customer so bank will pay 19,96,000 to customer and deduct TDS of Rs. 4,000.

Sec. 194N - TDS on cash withdrawal (Cont'd.)

Illustration (Cont'd)

Case 2. Withdrawal in cash is
Rs. 1,20,00,000

TDS @ 2% on cash withdrawal between Rs. 20 Lac to 1 Crore i.e. Rs. 80,00,000 and above 1 crore withdrawal TDS @ 5% on Rs. 20,00,000 should be deducted by Bank.

Scenario 2. If Mr. A had filled income tax return for all 3 previous A.Y.

Case 1. Withdrawal in cash is
Rs. 40,00,000

TDS liability will arise only after withdrawal of more than Rs. 1,00,00,000 in cash @ 2%

Case 2. Withdrawal in cash is
Rs. 1,20,00,000

TDS @2 % need to deduct on withdrawal exceeding Rs. 1,00,00,000 i.e. Rs. 20,00,000

QUESTION

ANSWER

06 Who are the persons exempt from applicability of Section 194N ?

Payment to Following persons in cash by banks will not attract applicability of section 194N.

1. Government
2. Banking company, Co-operative society engaged in business of banking and post office.
3. Any Business correspondent of Banking company or co-operative society engaged in business of banking.
4. Any white label automated teller machine operator of a banking company or co-operative society engaged in carrying on the business of banking, in accordance with the authorisation issued by the Reserve Bank of India under the Payment and Settlement Systems Act, 2007.
5. Central Government may specify in consultation with the Reserve Bank of India, by notification in the Official Gazette, the recipient in whose case the provision of this section shall not apply or apply at reduced rate, if such recipient satisfies the conditions specified in such notification

Sec. 194N - TDS on cash withdrawal (Cont'd.)

QUESTION

07 Who are the persons notified by Government till 23-05-2020 to whom section 194N will not apply ?

08 When TDS need to be deducted ?

09 If customer has more than one account in different branches than how to calculate limit of cash withdrawal. ?

ANSWER

Following persons are notified.

Notification 70_2019 :

Commission agent or trader, operating under Agriculture Produce Market Committee (APMC), and registered under any Law relating to Agriculture Produce Market of the concerned State, who has intimated to the banking company or co-operative society or post office his account number through which he wishes to withdraw cash in excess of rupees one crore in the previous year along with his Permanent Account Number.

Notification 80_2019 :

- i. Authorised dealer and its franchise agent and sub-agent.
- ii. Full-Fledged Money Changer (FFMC) licensed by the Reserve Bank of India and its franchise agent.

Notification 68_2019:

Cash Replenishment Agencies (CRA's) and franchise agents of White Label Automated Teller Machine Operators (WLATMO's).

TDS need to be deducted by bank If aggregate of amount of cash withdrawal during the financial year from one or more account does exceed Rs. 1 crore/20 lakhs (as the case may be).

If customer has more than one account than aggregate amount of cash withdrawal need to consider by total withdrawal of all accounts.

Sec. 194N - TDS on cash withdrawal (Cont'd.)

QUESTION

- 10 What are the steps need to take by banks for giving effect of new section insertion by Finance Act, 2020 ?

ANSWER

1. Bank can ask from all the customers or notified them to provide them previous 3 A.Y.s filled ITR OR
2. Bank can prepare list of accounts which exceeded cash withdrawal of Rs. 20 lakhs and ask from them previous 3 A.Y.s filled ITR.

AUTHOR'S VIEW ON AMENDMENT :

Many people are still not filling Income Tax Return and doing business of Crores. This persons are out of tax base because most of their business done through cash channel or their receipts are in banks but their payments are in cash so by introduction or amendments to this section more payments will be done through digital channel and this people will also fall in the tax base.



Effect of 13th May, 2020 press release on reduction of rate of TDS.



No effect on TDS rate under section 194N likewise on all other sections of reduction of 25% as no reduction benefit given for this section.

COVID-19 GST Waiver

Last date for filling of GSTR 3B to get benefit of waiver of late fees and Interest.

Particulars	Feb	Mar	Apr	May	June #	July #	Aug \$
Tax payers having Aggregate Turnover of more than Rs. 5 Crore during Preceding financial year	24-06-2020	24-06-2020	24-06-2020	27-06-2020	20-07-2020	20-08-2020	20-09-2020
For Taxpayers having aggregate turnover of less than Rs. 5 Crore during Preceding financial year							
Taxpayers whose principal place of business is in the states having state code 22 to 37	30-06-2020	03-07-2020	06-07-2020	12-09-2020	23-09-2020	27-09-2020	01-10-2020
Taxpayers whose principal place of business is in the states having state code 1 to 21	30-06-2020	05-07-2020	09-07-2020	15-09-2020	25-09-2020	29-09-2020	03-10-2020

* If GSTR 3B is filled till date mentioned in table than late fee is waived else late fees will be applicable from Original due date.

**If GSTR 3B is filled till date mentioned in table than interest is waived and if return is filled after that date than interest will be charged at 9% till 30.09.2020 afterwards interest will be charged at 18 % .

Person having Aggregate Turnover of more than Rs. 5 Crore does not get any relaxation for filling of GSTR 3B from June month onward.

\$ for the month of August 2020 Due date is extended till the date mentioned in table according to Notification 54/2020.

Relevant Notifications

Notification 51/2020, 52/2020 & 54/2020

Principal Notification 76/2018 dated 31-12-2018, 13/2017 dated 28-06-2017, 29/2020 dated 23rd March, 2020

If GSTR 3B is filled till 30th September, 2020 than late fees is waived in excess of Rs. 250 for CGST and respective State/UT Acts.

Notification 57/2020.

Relevant Circular

136/06/2020 & 141/11/2020

Last date for filling of GSTR 1 to get benefit of waiver of late fees

Sr. No.	Month/Quarter	Dates
1	March	10-07-2020
2	April	24-07-2020
3	May	28-07-2020
4	June	05-08-2020
5	January To March	17-07-2020
6	April To June	03-08-2020

Relevant Notifications

Notification 53/2020

Principal Notification 04/2018 dated 23-01-2018

Previous Notification 33/2020

Relaxation due to COVID -19

Previously through Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 and Notification 35/2020 Central Tax Dated 03rd April, 2020 Government had extended due dates falling between 20th March, 2020 to 29th June, 2020 to 30th June, 2020.

As situation is not under control so government had given effect to above notification by increasing time period for extension by increased date 29th June, 2020 to 30th August, 2020. For the same date is extended to 31st August, 2020 from 30th June, 2020. (Notification 55/ 2020 & 56/2020)

Effect of extension is applicable for following purposes

From Departments perspective:

- I. Completion of any proceedings or passing of order
- II. Issuance of notices
- III. Intimation, notification, sanction or approval by any authorities

From Taxpayers perspective:

- I. Filing of appeal
- II. Reply or application or furnishing of any report. (eg. LUT)
- III. Return (Except GSRI & 3B, CMP-08 as they are extended by other notifications)

The above limit is not applicable for following provisions and compliances:

1. Chapter IV - Time and Value of Supply.
2. Section 10(3), Registration, Invoicing, Late Fees, Interest, Power of Arrest, Penalty under sec. 122, Detention of Vehicle under Sec. 129
3. GSTR 1 & GSTR 3B
4. E way Bill related provisions & Rules

Notification 56/2020

Time limit for issuance of Refund order according to Section 54(5) & (7) fall between 20th March, 2020 to 30th August, 2020 is extended to

15 days after the receipt of reply to the notice from registered person

Or

31st August, 2020

whichever is later.

Principal Notification: 46/2020.

Three feet from Gold

An uncle of R. U. Darby was caught by the gold fever in the gold-rush days, and went west to DIG AND GROW RICH. He had never heard that more gold has been mined from the brains of men than has ever been taken from the earth. He staked a claim and went to work with pick and shovel. The going was hard, but his lust for gold was definite.

After weeks of labor, he was rewarded by the discovery of the shining ore. He needed machinery to bring the ore to the surface. Quietly, he covered up the mine, retraced his footsteps to his home in Williamsburg, Maryland, told his relatives and a few neighbors of the "strike." They got together money for the needed machinery, had it shipped. The uncle and Darby went back to work the mine.

The first car of ore was mined, and shipped to a smelter. The returns proved they had one of the richest mines in Colorado! A few more cars of that ore would clear the debts. Then would come the big killing in profits.

Down went the drills! Up went the hopes of Darby and Uncle! Then something happened! The vein of gold ore disappeared! They had come to the end of the rainbow, and the pot of gold was no longer there! They drilled on, desperately trying to pick up the vein again— all to no avail.

Finally, they decided to QUIT.

They sold the machinery to a junk man for a few hundred dollars, and took the train back home. Some "junk" men are dumb, but not this one! He called in a mining engineer to look at the mine and do a little calculating. The engineer advised that the project had failed, because the owners were not familiar with "fault lines." His calculations showed that the vein would be found just three feet from where the Darbys had stopped drilling! That is exactly where it was found!



The "Junk" man took millions of dollars in ore from the mine, because he knew enough to seek expert counsel before giving up.

Most of the money which went into the machinery was procured through the efforts of R. U. Darby, who was then a very young man. The money came from his relatives and neighbors, because of their faith in him. He paid back every dollar of it, although he was years in doing so.

Long afterward, Mr. Darby recouped his loss many times over, when he made the discovery that desire can be transmuted into gold. The discovery came after he went into the business of selling life insurance.

Remembering that he lost a huge fortune, because he stopped three feet from gold, Darby profited by the experience in his chosen work, by the simple method of saying to himself, "I stopped three feet from gold, but I will never stop because men say 'no' when I ask them to buy insurance."

The Moral:

When things start to get hard, try to persevere through the adversity. Many people give up on following their dreams because the work becomes too difficult, tedious, or tiresome—but often, you're closer to the finish line than you may think, and if you push just a little harder, you will succeed.

IF function in Spreadsheet

Definition:

The IF function is one of the most popular functions in Excel, and it allows you to make logical comparisons between a value and what you expect.

So an IF statement can have two results. The first result is if your comparison is True, the second if your comparison is False.

Purpose:

To test a specific condition and return a value from the supplied for TRUE or FALSE criteria.

For example,

=IF(C2="Yes",1,2)

Says,

IF(C2 = Yes, then return a 1, otherwise return a 2).

For Instance, taking another example,

to "pass" scores above 70: =IF(A1>70,"Pass","Fail"). More than one condition can be tested by nesting IF functions. The IF function can be combined with logical functions like 'AND' and 'OR'.

Syntax:

=IF (logical_test, [value_if_true], [value_if_false])

which is,

logical_test - A value or logical expression that can be evaluated as TRUE or FALSE.

value_if_true - [optional] The value to return when logical_test evaluates to TRUE.

value_if_false - [optional] The value to return when logical_test evaluates to FALSE.

Logical Operators:

Some logical operators you can use while constructing a test with IF:

Comparison Operator	Meaning	Example
=	equal to	A1=D1
>	greater than	A1>D1
>=	greater than or equal to	A1>=D1
<	less than	A1<D1
<=	less than or equal to	A1<=D1
<>	not equal to	A1<>D1

Name	Score	Result
Anderson	92	Pass
Bautista	85	Pass
Block	65	Fail
Burrows	79	Pass
Chandler	69	Fail

Passing score: 70

About Parikh & Associates

Parikh & Associates, Chartered Accountants is Chartered Accountancy Firm Registered with The Institute of Chartered Accountants of India (ICAI). We are the team of young and energetic professionals having experience in diversified areas of the industry with a positive approach to provide expert and professional services with due care of professional ethics.

We believe in a steady approach towards offering high-quality professional services to our clients.

Offices

Ahmedabad

308, Akshar Stadia,
Opp. Symphony House,
Off Sindhubhavan Road,
Bodakdev, Ahmedabad – 380 054

Godhra

Swaminarayana Complex,
Bamroli Road,
Godhra. – 389001

Contact:

CA Vedant K. Parikh

Partner

T: +91 9427261777

CA Jainam P. Shah

Partner

T: +91 9429966332



www.parikhandassociates.in



info@parikhandassociates.in



parikhandassociates



parikhandassociate

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