

BHUJ BRANCH OF WIRC OF ICAI

E-NEWSLETTER FOR THE MONTH OF NOVEMBER-2020

(FOR PRIVATE CIRCULATION ONLY)

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IN THIS EDITION

CHAIRMAN'S COMMUNICATION

STANDARDS ON AUDITING
SA 550: RELATED PARTY (Part-2)

BY CA HETAL BHOJANI

ALLIED LAWS
FCRA (Amendment) BILL, 2020: HIGHLIGHTS OF KEY
CHANGES

BY CA RAJ DAVDA

INCOME TAX
FACELESS ASSESSMENT SCHEME: A BACKGROUND

BY CA JAGRUTKUMAR ANJARIA

INCOME TAX
FACELESS ASSESSMENT SCHEME: AN OVERVIEW

BY CA JAGRUTKUMAR ANJARIA

GST UPDATES

BY CA DEEP KORADIA

EVENTS IN IMAGES



CHAIRMAN'S COMMUNICATION

Dear Professional Colleagues

We are feeling slightly relax after extension granted by revenue authorities for submission of Tax Audit/GST Audit reports, it's time to celebrate Deepavali – the festival of lights. The glow of joy, prosperity and happiness brings your way, bright sparkles of contentment that stay with you through the days ahead. I wish all my dear colleagues and students a very Happy Deepavali! CA Exam is going to start from 21st November 2020; I on behalf of all of us extend best wishes to the CA aspirants for passing the exams.

The need of the hour is a 360 degree transformation of profession and professionals in light of the new age developments – be it in planning, technology adoption, strategic thinking, leadership, ethical practice, value addition, delivery, client satisfaction and more importantly welcoming change. The accounting profession is facing a complete turnaround with the main thrust being laid down in bringing in more transparency and being universally acceptable.

The month that was – September 2020

-Tax Audit helpline started to serve/guide the members for their queries/issues of Tax audit for the FY 2019 with help of our Branch senior Members CA Nitinbhai K. Thacker & CA Jagrutbhai A. Anjaria.

-Celebrated 150th Gandhi Jayantion 02nd October 2020 by distribution stationary kit to the underprivileged students of primary schoolsBhimnagar

School No.15 to participate and support Government initiatives of SarvaShikshaAbhiyan (SSA) Project as per direction of ICAI.

-Bhuj Branch jointly with Gandhidham(host) and Anand Branches haveorganised Virtual CPE Meeting on “**Professional Opportunities in Intellectual Property Rights**” by expert speaker CA PurushottamKhandelwalon 10thOctober, 2020.

-Bhuj Branch jointly with Gandhidham and Anand Branches haveorganised Virtual CPE Meeting on “**Cyber Security & Social Media How to save your life from Digital World**” by expert speaker SachinDedhia(CISA,CEH,CEI,ISO 27001 LA)on 25th October, 2020

Appeal to Encourage/Motivate the Students

After one gap ofMay2020 attempt due to COVID19 CA exam now start from 21st November 2020. I hope that the students are geared up fully to conquer them with confidenceso as to step ahead into the world of one of the most respected professional courses. Appeal to all members to remain presence on day of startup of exam (21 November for Final & 22nd November for IPCC) to give best wishes to encourage and motivate the future professionals.

Launching of Bhuj Branch Website

Branch website development delayed due to lockdown, revision of Branch website development guidelines from ICAI & Change of Website Developer. Website will be ready in this month as assured by the developer. Branch Website will be useful for better functioning i.e. convenient to register for seminar, payment of fees and updating of information.

Forthcoming Academic Program for Members/Students (Virtual Mode)

Branchwillorganize virtual programs on any specific suggestionfrom members on relevant topics

SINCERELY YOURS

I would like to conclude with the thought,

**“There is beauty and power in unity. We must be united in heart and mind.
One world, one people”***LailahGifty Akita*

Stay Safe. Stay Happy. Stay Updated

Thanks and Regards

CA Jitendra Thacker

Chairman

Date: 01-11-2020

SA 550 RELATED PARTIES

CA Hetal D. Bhojani
B.Com., ACA

(Continued from October 2020 issue of the Newsletter)

(7) RESPONSES TO THE RISK OF MATERIAL MISSTATEMENTS RELATED TO THE RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS:

- a. During the audit procedure, if auditor identifies any arrangements or information that may suggest the existence of the Related Party Relationships or Related Party Transactions which were previously not identified by the management during the audit procedure, the auditor shall first confirm the existence of those Related Party Relationships and Related Party Transactions.
- b. If the auditor confirms the identified arrangements or information as related party relationships or related party transactions which were previously not identified by the management, auditor shall:
 - a. Promptly communicate the relevant information to the audit engagement team
 - b. Where the applicable Financial Reporting Framework requires the reporting of Related Party Relationships or Related Party Transactions : (1) auditor shall request the management to identify all the relevant transactions with the newly identified Related Party Relationships & (2) inquire as to why the internal control fails to identify all Related Party Relationships and Transactions.
 - c. Auditor shall perform the substantive audit procedure with the newly identified Related Party and significant Related Party Transactions.
 - d. Auditor shall reconsider the Risk of Material misstatements for the newly identified Related Party Relationships and transactions.

- e. If the non- disclosure of arrangements or information founds intentional by the management then auditor shall consider the audit implications.

(8) During the Audit procedure, if auditor identifies the Related Party Relationships or Transactions outside the normal course of business, the auditor shall :

- a. Inspect the underlying contracts or agreements and evaluate whether:

- a. The business rational of transactions that may have been entered into for fraudulent financial reporting and for concealment of misappropriation of assets.
- b. The terms of transactions are in consistent with the explanation of management.
- c. The transactions have been appropriately accounted for and disclosed in the financial statement as per applicable financial reporting framework.

- b. Obtain sufficient appropriate audit evidence about the transactions have been appropriately authorized and approved.

(9) Assertion for Related party transactions are at Arm's length price:

When management has given an assertion that related party transactions were conducted in terms equivalent to those prevailing in an arm's length price in the financial statement, the auditor shall collect sufficient appropriate audit evidence about assertion given by the management.

(10) Wherever the applicable financial reporting framework establishes the related party relationships and transactions disclosure requirement the auditor shall obtain written representation (as per the

requirement of SA 580) from the management or those charged with governance that:

- a. They have disclosed to the auditor the identity of the entity's related parties and all the related party relationships and transactions of which they are aware.
- b. They have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

(11) Unless all of those charged with governance are involved in the management, auditor shall communicate with those charged with governance significant audit matters arising during the audit in connection with related parties relationships and transactions. (Requirement of SA 265)

(12) In meeting the requirement of SA 230 (i.e. Documentation) the auditor shall include in the audit documentation names of the identified related parties and nature of related parties relationships.

(13) In forming an opinion on the financial statement in accordance with the SA 700, the auditor shall evaluate:

- a. Whether the identified related parties relationships and transactions have appropriately accounted for and disclosed in the financial statement in accordance with the applicable financial reporting framework.
- b. Whether the effects of the related parties relationships and transactions:
 - a. Prevent the financial statement from achieving a true and fair presentation or
 - b. Cause the financial statement to be misleading to its users.

FCRA (Amendment) Bill, 2020: HIGHLIGHTS OF KEY CHANGES

CA Raj Davada
B.Com., FCA, DISA(ICAI)

Objective of Amendment: To make the FCRA law more stringent and to streamline the provision of FCRA by strengthening the compliance mechanism, enhancing transparency and accountability in the receipt and utilization of foreign contributions.

No.	Before	After
1	<p>Public Servants were allowed to accept foreign contributions. Prohibition List : election candidates, editor/owner/publisher of a newspaper, judges, members of any legislature, political parties, employees of corporation controlled by government</p>	<p>Public Servants are now prohibited to accept any foreign contribution.</p>
2	<p>Transfer/Sub-granting was allowed. a person who is registered and granted a valid certificate could transfer to another person if he has a certificate after approval.</p>	<p>Transfer/Sub-granting of fund now prohibited.</p>
3	<p>50 % of funds received under FCRA can be utilised for administrative purposes</p>	<p>Limit reduced to 20%.</p>
4	<p>FCRA Registered person can open account in any schedule bank.</p>	<p>Only one account for receiving foreign contribution in State Bank if India, Delhi. Can transfer to other FCRA Bank Accounts & keep/utilise it from there.</p>
5	<p>Adhar card not mandatory for all office bearers.</p>	<p>Adhar card mandatory for all the office bearers& Directors. For foreigners – Passport/OCI Card</p>

6	Government can suspend certificate for 180 Days in case of irregularity found.	Additional 180 Days added in Suspension Limit.
7	No section for Voluntarily Surrender. (if you do not renew it is deemed cancelled.)	Person can voluntarily surrender the FCRA registration provided that government is satisfied that the person has not contravened any provision of the Act. Post surrender, the management of the foreign contribution and related assets will then vest with the prescribed authority.
8	Prohibition to utilise/receive fund : a person was prohibited to utilise/receive foreign contribution only if such person was guilty under FCRA law.	Considering the long-time frame under Indian judicial system, Government to prohibit a person to utilize/ receive foreign contribution even if the Government, based on preliminary inquiry, has a reason to believe that such person has contravened the FCRA law.
9	Every person to whom FCRA registration was granted, was required to get his registration renewed within 6 months before the expiry of the registration certificate.	Added: Central Government that before renewing any certificate, it may conduct any enquiry it may deem

FACELESS ASSESSMENT SCHEME: A BACKGROUND

CA Jagrutkumar Avinash Anjaria

B.Com.,FCA, DISA(ICAI)

ASSESSMENT IN A TAXING STATUTE:-

Any Tax law stands on Four Legs; they are

1. Charging Section
2. Levy mechanism
3. Reporting (or Self Assessment)
4. Assessment.

Charging section is the source from where the whole process of taxation starts. Charging section fixes the charge or levy. It also determines the basis of taxation by declaring what shall be taxed, when and how much. If charging section fails to cover anything within its purview, tax cannot be enforced or levied on that.

Second leg is the mechanism to levy what the charging section has authorized. Here the levy that charging section has envisaged is quantified. In case the levy cannot be quantified or determined, it is said that the levy mechanism has failed. It is a well known principle of taxation that if the levy mechanism fails, the levy envisaged by statute fails and no tax can be imposed in such a situation.

Third leg is Self Reporting. This is popularly known to us in the form of filing a Return. Almost all the tax statutes require the taxpayers to declare their tax liability by filing some kind of a return.

The last leg is the Assessment. This is the tool that the authorities have to enforce the law as well as to make sure that taxpayers discharge their liability towards tax in the desired manner. No doubt this leg assumes some vital importance in the entire scheme of taxation regime

It is this last leg that is the subject matter of our discussion today as we are going to discuss the latest of "Revolutionary Measure" in the area of Direct taxation, THE FACELESS ASSESSMENT SCHEME.

WHY FACELESS ASSESSMENT SCHEME:

The declared objectives behind the adoption of this scheme of assessment are:

1. To make the assessment procedure more efficient
2. To make the assessment procedure more transparent
3. To have greater accountability in the assessment procedure.

And how all these noble objectives are intended to be achieved?

The scheme seeks to achieve these objectives by:

1. Eliminating the interface between Assessing Officer and Assessee
2. Utilising resource optimally
 - a. Using economy of scale
 - b. Using functional specialization
3. Introducing team based assessment
 - a. Introducing dynamic jurisdiction.

WHERE ARE THESE OBJECTIVES STATED

- This is a Scheme and it is not the Law or Even Rules.
- So, it must have some kind of Authorisation from the ACT.
- This authorization comes through Section 143(3A) of the Income Tax Act.
- That sub section authorizes the making of a scheme for the purpose of making assessment of total income of the assessee.
- The sub section gives this power to make a scheme for carrying out assessment under two sections, section 143(3) and 144.
- Originally, this section referred only to section 143(3) but subsequently, a reference to section 144 was also added to the text of this subsection by a finance act.

The scheme was originally introduced on 12-09-2019 and subsequently it was amended recently on 13-08-2020. When we look at the Notifications issued on both these dates, we shall find that on both the times there are TWO Notifications issued; on 12-09-2019, there were Notification No 3264 and 3265. On 13-08-2020, there were Notification No 2745 and 2746. When we read both of them, most of the contents of both the notifications are almost identical. The main difference between the contents of both these notifications is the Sections of the Act to which they refer.

There is a reason behind this. There are two sub sections in the Income Tax Act that deal with this Faceless Assessment matter. One is 143(3A) which we talked about earlier, the other is 143(3B)

As we talked about earlier, 143(3A) empowers the Government to make a scheme for carrying out the Assessment. Notification 3264 is issued under this section which is subsequently amended by Notification No 2745. These notifications lay down the actual Scheme that the Government wants to be followed while making assessments under the Act.

The purpose or logic behind Section 143(3B) is interesting. It empowers the Government to make “other sections” of the Income Tax Act “subject” to this Scheme. That is, this sections gives the Government to power to state that certain other sections also need to follow the procedure laid down under faceless scheme, and for this purpose, the entire scheme as laid down by the first notification 3264 and 2745 is being reproduced in subsequently numbered notification 3265 and 2746.

What is the logic and relevance?

For this, we better go through the sections that these subsequent notifications cover:

Following sections are covered

1. 2(7A)-Defines Assessing Office
2. 92CA-Reference to TRP-Power of TRP to require production of evidence
3. 120 –Jurisdiction of Income Tax Authorities
4. 124—Jurisdiction of AO
5. 127—Power to transfer cases
6. 129—Change of incumbent of an office
7. 131—Power regarding discovery, production of evidence etc
8. 133—Power to call for information
9. 133A—Power of survey (any proceeding under this Act.)
- 10.133C—Power to call for information
- 11.134—Power to inspect registers of Companies
- 12.Chapter XIV-Procedure for Assessment-139 to 158
- 13.Chapter XXI—Penalties imposable

The Notification dated 12-09-2019 also referred to 142, 142A, 143, 144A, 144BA, and 144C. While Notification dated 13-08-2020 omits to refer to these sections, it has included, within its purview Chapter XIV which was not referred to in Notification dated 13-09-2019.

Chapter XIV covers sections 139 to 158. So, in a way, the amended notification expands the coverage of faceless scheme to everything under the Act as far as “Procedure of Assessment” is concerned. This may have some huge implication by covering section 153A, 153C or even 154 and 155 with the ambit of faceless scheme, which were left out of its coverage by earlier notification.

The moot logic seems to be that somewhere in all these sections and chapters, there are some powers granted to one authority or the other to ask a person to remain present before it or to submit certain document or evidence or information. Now when the idea is to “eliminate” the physical interface between the assessee and the officer, if the ambit of the scheme is kept limited to say sections 143(3) and 144 by Notification 3265 or 2745, the Income Tax Authority may still invoke any of these other sections (say 131A or 133C or any other) and compel the assessee to appear in person before it or to submit an evidence or document physically! This would defeat the basic intention of the entire initiative. Hence, it was necessary to have

1. a separate section that empowers making other sections subject to this scheme
2. A separate notification which go on to exercise that power and in fact make those sections subject to the scheme.

The net effect will be, there should not be any provision under any section of the act that may make it possible for any authority to compel an assessee to appear before him in person. Off course, there is one (or may be two) exceptions that are there in the scheme where this scheme is not to apply and interface between the assessee and the officer is allowed.

Interesting... Isn't it!!!

FACELESS ASSESSMENT SCHEME: AN OVERVIEW

(As amended by Notification dated 13-08-2020)

CA Jagrutkumar Avinash Anjaria

B.Com.,FCA, DISA(ICAI)

Here, an attempt is made to present the procedural steps envisaged in the scheme in a concise and step by step manner:

- Original Notification No 3264 dated 12-09-2019
 - New Notification No 2745 dated 12-08-2020

PARA 1 of the scheme is Short title and commencement, this has undergone a change through this new notification

- As per the original Notification, it was known as “E Assessment Scheme, 2019.”
 - Now, as per the new Notification, it will be known as “Faceless Assessment Scheme, 2019.”

PARA 2 of the Scheme gives various definitions. The new notification has amended one definition and added a new definition.

- As per the Original Notification, Assessment was defined to cover assessment under section 143(3) only
 - Now, as per the new notification, assessment under section 144 is also covered
- In the original notification, there was no reference to the Income Tax Rules
 - Now, the new notification does recognize Income Tax Rules

PARA 3 deals with the Scope of the scheme. This is an enabling kind of a provision where the power to specify the coverage to territorial area has been conferred on the executive.

PARA 4 talks about E Assessment Centres;

- It talks about following
 - National E assessment Centre
 - Regional E Assessment Centre
 - Assessment Units
 - Verification Units
 - Technical Units
 - Review Units
 - It talks about following
- For each of these, the clause talks about

- How they will be set up
- What will be the jurisdiction
- What powers each shall have or functions each shall carry out
- How each will be staffed or headed
- It is also clarified that all communication between these centres or units shall be through National E assessment Centre only

PARA 5 is about the PROCEDURE FOR ASSESSMEN

Para 5 of the original notification referred to Procedure for assessment; the new notification substitutes that para with a new one. In other words, new notification prescribes a new set of clauses as the procedure for assessment, the old set of clauses now goes out.

- PROCEDURE FOR ASSESSMENT (NEW)
 - Clause 1 The procedure shall start with the issue of notice
 - Under which section will the Notice be issued?
 - under section 142(3)
 - Who will issue the notice
 - National E Assessment Centre will issue the notice
 - What the notice will contain?
 - The notice will specify the issues for selection of the case
 - Clause 2 Next step is filing of the response
 - Who will file the response?
 - Obviously, the assessee
 - To whom will the response be filed?
 - To the National e assessment Centre
 - Within what time is the reply to be filed
 - Within 15 days
 - From the receipt of the notice
 - Clause 3 Third step is with reference to Completion of proceedings that are already initiated.
 - The assessee shall be intimated that the case now shall be completed under this revised scheme.
 - Such intimation shall come from National e assessment Centre
 - Following are the situations mentioned where such an intimation shall be given
 - Notice under section 143(3) has been issued

- In pursuance of Return filed under any of the three sections
 - 139
 - 142(1)
 - 148(1)
 - Notice under section 142(1) is issued
 - But Return has not been filed
 - Return not furnished under 148(1)
 - And notice under section 142(1) is issued
- Clause 4 Fourth step is the ASSIGNMENT of CASES SELECTED for E assessment
 - Who shall carry out the assignment?
 - National E assessment Centre
 - To whom the case shall be assigned?
 - To a specific assessment unit
 - Such assessment unit may be located in any one Regional e assessment Centre
 - How will the assignment be carried out
 - Through an Automated allocation system
- Clause 5 At step Five, Assessment unit to whom the case is assigned, comes into picture
 - It may make a request to National E assessment Centre
 - The request may be for the following
 - Obtain further
 - Information
 - Document
 - Evidence
 - From
 - Assessee
 - Any other person that it may specify
 - Conduct of
 - Inquiry
 - Verification
 - By
 - Verification Unit
 - Seek technical assistance
 - From Technical Unit

- Clause 6 Step SIX brings E assessment centre into picture once again
 - This step is triggered when the Assessment Unit has sent a request (as per step 5) for further information, document or evidence
 - The E assessment Centre shall issue appropriate notice to
 - Assessee, or
 - Any other person
 - The purpose of the notice is to obtain the information, document or evidence sought by the Assessment Unit.
- Clause 7 Step Seven is about the response to the notice issued at step six.
 - Who will file the response?
 - Assessee, or
 - Any other person
 - With whom will the response be filed?
 - National E assessment Centre
 - Within what time?
 - Within the time specified in the notice
 - Within the extended time
 - If an application for extension of time is made
 - And if on the basis of that application, time is extended.
- Clause 8 Step Eight deals with a situation where the Assessment Unit has, at step Five, requested for inquiry or verification
 - Such request shall be assigned to a verification unit
 - Verification unit may be in any one Regional E assessment Centre
 - The assignment shall be done through automated allocation system
 - It is the National E assessment Centre that will make such an assignment
- Clause 9 Step Nine is about a situation where the assessment Unit, at step five, has requested for Technical assistance
 - It will be assigned to a Technical unit
 - Technical unit may be in any Regional E assessment Centre
 - This assignment shall be done through automated allocation centre
 - It is the National E assessment Centre that will make such an assignment
- Clause 10 Step 10 talks about the report received from verification of technical unit (on the request assigned to it in steps 8 or 9)
 - Such reports will be received by the National E assessment Centre (from verification or technical unit)

- Thereafter, National E assessment Centre shall send that report to the concerned assessment unit.
- Clause 11 Now the scheme focus attention on the situation where the assessee fails to comply with the notice
 - Three such failures are identified
 - Notice issued under sub clause (vi) of this scheme, that is complying with the request for further information by the Assessment Unit
 - Notice issued under 142(1)
 - Direction issued under 142(2A)
 - In such a situation, the National e-assessment Centre shall serve a notice under section 144
 - This notice will
 - Give the opportunity to show cause why assessment should not be completed to the best of its judgment
 - It shall also specify the date and the time to show such a cause.
- Clause 12 At the next step, the assessee is expected to file a response to such a notice
 - Reply it to be filed within the time specified
 - There also is a provision to extend the time, and in such a situation the assessee is expected to file the reply within that extended time
- Clause 13 What happens if the assessee fails to file any reply as discussed above?
 - The National e-assessment Centre shall intimate such a failure to the Assessment Unit
- Clause 14 As the next step, the Assessment Unit shall make a Draft Assessment order
 - Such an order shall be in writing
 - It shall be made after taking into account all the relevant material available on record (with the Assessment Unit)
 - In case the Assessment Unit has received an intimation from national e-assessment Centre about the failure on the part of the assessee to comply with a notice under section 144
 - It shall make a draft assessment order to the best of its judgment
 - Such an order also shall be in writing

- It shall either accept income or sum payable or refundable as per assessee's return
- Or, it may modify the income or sum (payable or refundable)
- Copy of such a draft assessment order shall be sent to national e-assessment Centre
- Clause 15 If there are any penalty proceedings to be initiated,
 - While making Draft Assessment Order at the previous step, Assessment Unit shall provide details of penalty proceedings to be initiated
- Clause 16 At step 16, National e-assessment Centre will receive the draft assessment order (from step 15)
 - It shall examine the assessment order
 - Examination will be in accordance with specified risk management strategy
 - Automated examination tools may be used for such an examination
 - After such examination; it may decide to do any of the following
 - Finalise the assessment as per the Draft Order and serve to the assessee
 - A copy of the order
 - Notice for initiating penalty proceeding, if any
 - Demand notice, specifying the amount payable or refundable
 - If the order proposes any modification; the NEC may decide to provide the assessee an opportunity
 - It shall serve a notice to the assessee
 - Ask the assessee to show cause why the assessment should not be completed according to the draft assessment order
 - The NEC may decide to give the draft assessment order to a Review Unit
 - Ask it to review the Draft Order
 - Such a review unit may be in any Regional e-assessment Centre
 - Selection of a review unit to be through automated allocation system
- Clause 17 What the Review Unit shall do?

- It shall conduct a review of the Draft Assessment order
- After it has reviewed it, it made decide to do any of the following
 - Concur (agree) with the Draft Assessment order
 - Intimate the NEC about such concurrence
 - Suggest such modifications as it deems fit
 - Send the suggestions to the NEC
- Clause 18 After the NEC receives suggestions from a review Unit as above, it may
 - Finalise the assessment (as modified by the review unit) and
 - serve upon the assessee
 - A copy of the order
 - Notice for initiating penalty proceeding, if any
 - Demand notice, specifying the amount payable or refundable
 - Provide an opportunity to the assessee
 - Serve a notice to show cause why assessment should not be finalized on the given lines
- Clause 19 In addition to the two options at the previous stage, the NEC has a third option as well
 - It can assign the case to another assessment unit
 - That unit will be different from the one that made the original Draft Order
 - If it decides to make such an allocation, this allocation will be done through automated system
- Clause 20 Now that new assessment unit shall
 - Consider the modifications suggested by the review unit
 - Make a final Draft Assessment order
 - Send it to NEC
- Clause 21 On receiveing such final draft order, the NEC will again have two options (as earlier Step 14)
 - Finalise the assessment and serve the relevant documents to the assessee
 - Give a show cause notice to the assessee
- Clause 22 In case a show cause notice is served to the assessee
 - Assessee may furnish reply within the time specified

- Such a reply shall be furnished to NEC
- Clause 23 In cases where notice is sent to the assessee
 - If the assessee does not respond, NEC shall finalise the order
 - And follow the procedure laid down in clause (xiv)
 - If the response is received, send the response to the assessment unit
- Clause 24 Now assessment unit shall
 - Take into account the response furnished by the assessee
 - Make a revised draft assessment order
 - Send it to NEC
- Clause 25 NEC shall received such revised draft assessment order
 - Finalise the assessment as per (xvi)(a) and follow the laid down procedure
 - NEC will do so in case the revised draft order does not propose any modification that are prejudicial to the assessee
 - Modifications here are with reference to the original draft order only
 - In case there is any modification which is prejudicial to the assessee (again wrt original draft order)
 - Provide an opportunity to the assessee
 - By serving him with a notice
 - Procedure laid down at clause (xiv)(b) shall be followed
 - Response filed is to be dealt with as per procedure laid down at (xxii), (xxiii) and (xiv)
- Clause 26 After the completion of the assessment
 - NEC shall transfer all electronic record to the jurisdictional AO
 - To take such action as are required

PARA 6 of the Scheme talks about Penalty Proceedings for non compliance

- Clause 1 confers the power to recommend initiation of penalty proceedings under the Act to Any unit.
 - Such recommendation is to be made to national e-assessment centre
 - Such power may be exercised during the course of assessment proceeding
 - Any non compliance by the assessee of any notice direction or order issued under this scheme may attract initiation of such proceeding
- Clause 2 talks about what the NEC will do on receipt of such a recommendation
 - NEC shall serve a notice to the assessee or any other person
 - Calling upon them to show cause why penalty should not be imposed

- Clause 3 is about the response that the assessee or any other person may furnish
 - Such a response shall be furnished to the NEC
 - NEC shall send it to the unit that recommended it
- Clause 4 talks about what the unit shall do on receipt of the response, may do either of the following;
 - It shall make a draft order
 - Send it to the NEC
 - May drop the penalty
 - For this it need to record reasons
 - And intimate to the NEC (that it has dropped the proceeding)
- Clause 5 talks about what the NEC shall do on receipt of the draft order (as per clause 4)
 - NEC shall levy penalty as per draft order
 - Serve a copy to the assessee or any other person

PARA 7 is about APPELLATE PROCEEDINGS

- This para defines the appellate jurisdiction for orders passed under this scheme
- It says that the appellate jurisdiction shall lie before the Commissioner Appeals having jurisdiction over jurisdictional AO .

Paragraph 8 which stands substituted by the new notification now, deals with Exchange of communication. As the Heading conveys, now the exchange of communication shall be

EXCLUSIVELY by ELECTRONIC MODE

- Clause 1 of this para makes it clear that all communications shall be exchanged exclusively by electronic mode. Communications are covered by two sub clauses.
 - Sub clause (a) talks about the communication between NEC on the one. On the other end, there may be any one or more of the following
 - Assessee
 - Authorised representative of the assessee
 - Any other person
 - Sub clause (b) talks about Internal communication (communication where assessee is not involved)
 - Such internal communication may be between
 - The National e-assessment Centre
 - Regional e-assessment Centres
 - Various Units (Assessment, Review, Technical etc)
- Clause 2 goes on to make an exception to clause 1 that all communications shall be exclusively by electronic mode.

- It says that where inquiry or verification is conducted in the circumstances referred to in para 12(via), clause 1 shall not apply. In other words, in such a situations, it is not necessary that all communication to be exchanged exclusively in electronic mode.

PARAGRAPH 9

This para also now stands replaced and the new para talks about authentication of electronic record.

- Clause (i) says that NEC shall authenticate electronic record by affixing digital signature
- Clause (ii) talks about assessee or any other person
 - If assessee is required to file the return of income under digital signature, he shall authenticate the records by affixing digital signature
 - In other case, this shall be done
 - Either by affixing digital signature
 - Or under Electronic Verification Code

PARAGRAPH 10 is about delivery of electronic records

- Basically, this para talks about delivery of
 - Notice
 - Order
 - Any other electronic communication
- Subclause 1 talks about when the intended recipient is the assessee. It envisages three ways of delivery
 - Placing an authenticated copy in the assessee's registered account
 - Sending an authenticated copy to the registered email address of the assessee or his authorized representative
 - Uploading an authenticated copy on the assessee's mobile app
 - All these modes are separated by "or" making them a substitute of one another
 - The clause also makes it compulsory to follow up with a real time alert. A real time alert is a must after delivery is effected through any of the three modes.
- Sub clause 2 is about a situation where the recipient is any other person and not the assessee.
 - Here, the only mode of delivery envisaged is the registered email address of such a person
 - Follow up by a real time alert after delivery is a must here as well
- Sub clause 4 is about the response by the assessee.
 - Response is to be filed through registered account only
 - As the response is submitted, NEC shall send an acknowledgement

- Such an acknowledgment shall contain a hash result
- Once such an acknowledgement is received, the response shall be deemed to be authenticated
- Sub clause 5 talks about time and place of dispatch and receipt of electronic records
 - It states that this will be determined with reference to Section 13 of the Information Technology Act

PARAGRAPH 11 specifically rules out personal appearance in Centers or Units

- Clause 1 declares that a personal shall not be required to appear personally or through AR in any proceeding under this scheme
- Clause 2 permits the assessee or the AR to request personal hearing in case where opportunity is provided in case of a modification of a draft order by way of a show cause notice.
 - Assessee may request personal hearing so as to make an oral submission
 - Such request may be made before the IT authority under any unit under this scheme
- Clause 3 gives the CC or DG of the respective Regional E assessment Centre to approve the request
 - In doing so, the authority shall be guided by clause (vib) of Para 12 (here circumstances under which request for personal hearing shall be approved will be specified in appropriate manner)
 - Once approved, personal hearing shall be conducted exclusively through video conferencing
- Clause 3A deals with examination or recording of statements of the assessee or any other person
 - The clause says that this shall be done exclusively through video conferencing
 - Two items are kept out of this clause
 - Statement recorded in the course of survey under section 133 are kept out of the purview of this clause)
 - Personal hearing requests under sub para 2
- Clause 4 requires the Board to establish suitable facilities for video conferencing

PARAGRAPH 12 is about Formats, Modes, Procedures and Processes

- This is an enabling kind of a provision
- Following areas are covered
 - Service of notice, order, any other communication
 - Receipt of information/documents
 - Issue of acknowledgment of response
 - Provision of e-proceeding facility

- Access, verification and authentication of information /response/documents submitted
- Receipt/storage/retrieval of information/documents
- Circumstances in which the provision to request for personal hearing shall not apply
- Circumstances in which request for personal hearing shall be approved
- General administration/grievance redressal

Sr No	Notification No	Category	Date	Description	Keyword / Reference / Comment	Link
1	73/2020	Central Tax	01-10-20	Seeks to notify a special procedure for taxpayers for issuance of e-Invoices in the period 01.10.2020 - 31.10.2020	Invoice Reference Number (IRN) To be obtained within 30 days as a relaxation measure if invoice prepared between 01-10-20 to 31-10-20	Click Here
2	74/2020	Central Tax	15-10-20	Seeks to prescribe the due date for furnishing FORM GSTR-1 for the quarters October, 2020 to December, 2020 and January, 2021 to March, 2021 for registered persons having aggregate turnover of up to 1.5 crore rupees in the preceding financial year or the current financial year.	GSTR1 Date for Oct20 To March21 Notified (Due to delay in new return system) as 13th after the end of the each Quarter (earlier it was 30th, now reduced to 13th)	Click Here
3	75/2020	Central Tax	15-10-20	Seeks to prescribe the due date for furnishing FORM GSTR-1 by such class of registered persons having aggregate turnover of more than 1.5 crore rupees in the preceding financial year or the current financial year, for each of the months from October, 2020 to March, 2021.	GSTR1 Date for Oct20 To March21 Notified (Due to delay in new return system) as 11th after the end of the each Month	Click Here
4	76/2020	Central Tax	15-10-20	Seeks to prescribe return in FORM GSTR-3B of CGST Rules, 2017 along with due dates of furnishing the said form for October, 2020 to March, 2021	GSTR3B Date for Oct20 To March21 Notified (Due to delay in new return system) as below - 20th for TO above 5 crore - 22nd for TO below	Click Here

					5 crore for Group 1 (Gujarat In Group 1) - 24th for TO below 5 crore for Group 2	
5	77/2020	Central Tax	15-10-20	Seeks to make filing of annual return under section 44 (1) of CGST Act for F.Y. 2019-20 optional for small taxpayers whose aggregate turnover is less than Rs 2 crores and who have not filed the said return before the due date.	GSTR9 for FY 2019-20 made optional for TaxPayer having TO below 2 crore	Click Here
6	78/2020	Central Tax	15-10-20	Seeks to notify the number of HSN digits required on tax invoice.	HSN Code has to be mentioned on the invoice at - 4 Digit level for Taxpayer having TO upto 5 crore (Not required to mention HSN if selling to URD) - 6 Digit Level for Taxpayer having TO above 5 crore	Click Here
7	79/2020	Central Tax	15-10-20	Seeks to make the Twelfth amendment (2020) to the CGST Rules.2017.	- GSTR9C for FY 2019-20 also optional for Taxpayer having TO upto 5cr - HSN digit power given to board - Returns can be filled via SMS	Click Here
8	80/2020	Central Tax	28-10-20	Seeks to amend notification no. 41/2020-Central Tax dt. 05.05.2020 to extend due date of return under Section 44 till 31.12.2020.	GSTR9 & 9C extended till 31.12.2020 for FY 2018-19	Click Here

9	05/2020	Central Tax Rate	16-10-20	To amend notification No. 12/ 2017- Central Tax (Rate) so as to exempt satellite launch services provided by ISRO, Antrix Co. Ltd and NSIL as recommended by GST Council in its 42nd meeting held on 05.10.2020.	Satellite Launch Services exempted by ISRO, Antrix& NSIL	Click Here
10	06/2020	Integrated Tax	15-10-20	Seeks to notify the number of HSN digits required on tax invoice.	HSN Code has to be mentioned on the invoice at - 4 Digit level for Taxpayer having TO upto 5 crore (Not required to mention HSN if selling to URD) - 6 Digit Level for Taxpayer having TO above 5 crore	Click Here
11	05/2020	Integrated Tax Rate	16-10-20	To amend notification No. 9/ 2017- Integrated Tax (Rate) so as to exempt satellite launch services provided by ISRO, Antrix Co. Ltd and NSIL as recommended by GST Council in its 42nd meeting held on 05.10.2020.	Satellite Launch Services exempted by ISRO, Antrix& NSIL	Click Here
12	142/2020	Circular - CGST	09-10-20	Clarification of issues relating to application of sub-rule (4) of rule 36 of the CGST Rules, 2017, cumulatively for the months of February, 2020 to August, 2020	Rule 36(4) is to be applied (110% ITC of GSTR2A) Cumulatively for Feb20 to Aug20	Click Here

*Contributed by CA Deep Koradia
B.Com., FCA, DISA(ICAI)*

GANDHI JAYANTI CELEBRATION

Mahatma Gandhi Birthday

150 YEARS OF CELEBRATING THE MAHATMA

02ND OCTOBER

Bhuj Branch Branch of WIRC of ICAI is inviting you all members to celebrate **150th Mahatma Gandhi Jayanti** by distribution of stationery kit to underprivileged students of primary schools as participate and support Government initiatives of Sarva Shiksha Abhiyan (SSA) Project.

Location
Vyam Shala Ground Bhuj Kachchh
(Stationery Kits will be Distributed to Students of Bhimavnagar School No. 15)

Date 02.10.2020, Friday **Time** 10.00 AM

On Behalf of
Bhuj Branch of WIRC Managing Committee

CA Jitendra Thacker Chairman	CA Ramesh Pindolia Vice Chairman	CA Ashish Gadhavi Secretary
CA Purvi Doshi Treasurer	CA Hardik Thacker IPC	



VIRTUAL CPE MEETING ON CYBER SECURITY



VIRTUAL CPE ON INTELLECTUAL PROPERTY RIGHTS

