

A black and white photograph of a hand tearing a piece of white paper, revealing a cityscape with buildings and a street. The image is partially obscured by large, overlapping geometric shapes in shades of teal and dark blue.

ASC TIMES NEWSLETTER

Volume 6, March 2022

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MESSAGE FROM DIRECTOR

Dear Readers,

We are delighted to release our Monthly newsletter 'ASC TIMES' - March Edition considering the rigorous demand from our eminent readers. I would like to take this opportunity to present the Volume-6 of our monthly newsletter. ASC Times summarizes all the business-related news & government updates like imparting relevant information, press releases, notifications, periodic updates, etc. to keep you updated with things affecting the business as a whole.

This newsletter is designed as a comprehensive knowledge-sharing initiative focused on updating you with all the monthly updates covering Income Tax Act 1961, Company's Act 2013, Foreign Exchange Management Act (FEMA), Customs, etc.

ASC Group, continues to be the leader for financial, secretarial, legal & management advisory for more than 25 years of industry experience operating out of 9 offices globally. Our team of 300+ professionals consists of experienced Chartered Accountants, Company Secretaries, Lawyers, Investment Advisors, and Management Consultants who continuously contribute towards the ease of doing business across the world.

We as ASC always believe in strengthening the relationship between us and share timely and insightful editions.

ASC releases a monthly Newsletter named '[GST TIMES](#)' and '[INSOLVENCY TIMES](#)' which provides a rewarding experience to the reader.

Best regards
Shailendra Kumar Mishra
Director
ASC Group





COMPLIANCE CALENDAR

S. No.	Description	Period	Due Date
1	Submission of challan-cum statement for tax deducted under the following sections: <ul style="list-style-type: none"> • Section 194-IA • Section 194-IB • Section 194M 	January 2022	2 nd March 2022
2	Deposit of tax deducted or collected to the government.	February 2022	7 th March 2022
3	4 th installment of advance tax to be paid	AY 2022-23	15 th March 2022
	Deposit of advance tax for the assesses falling under the presumptive taxation scheme under section 44AD / 44ADA	AY 2022-23	
	The due date for filing the return of income for the following assesses <ul style="list-style-type: none"> • Corporates • Non-corporates whose accounts are required to be audited • Partners of the firm whose accounts are required to be audited or spouse of such partner if the provisions of Section 5A applies. 	AY 2021-22	
	The due date for filing return of income for the assesses who are required to file the report under section 92E in relation to an international or specified domestic transaction.	AY 2021-22	
	Payment of Provident Fund Contribution and ECR filing	February 2022	
	Payment of Employee State Insurance Contribution	February 2022	



COMPLIANCE CALENDAR

4	<p>Issue of TDS certificate for tax deducted under the following sections:</p> <ul style="list-style-type: none"> • Section 194-IA • Section 194-IB • Section 194M 	January 2022	17 th March 2022
5	Filing of Provident Fund Return	February 2022	25 th March 2022
6	<p>Submission of Challan cum statement for tax deducted under the following sections:</p> <ul style="list-style-type: none"> • Section 194-IA • Section 194-IB • Section 194M 	February 2022	30 th March 2022
7	The due date for linking of PAN and Aadhaar number	-	31 st March 2022
	<p>Submission of Country by Country report in Form 3CEAD</p> <ul style="list-style-type: none"> • By a parent entity or an alternate reporting entity resident in India with respect to the international group of which it is a constituent entity or, • By the constituent entity resident in India if the parent entity is not obliged to file a report under section 286(2) or the parent entity is a resident of a country with which India does not have an agreement for the exchange of the report, etc. 	FY 2020-21	
	Filing of revised / belated return	AY 2021-22	



NEWS HIGHLIGHTS

The Russia-Ukraine Conflict

The Russia-Ukraine war continues while the world witnesses its impact. While Russia continues to bear the brunt of sanctions imposed by the West, Ukraine continues to suffer humanitarian crisis because of Russia's wrath. Here are some of the key highlights from the Russia-Ukraine conflict:

1. Impact on Global Economy

Many European countries are heavily dependent on Russia's energy supply. The economic sanctions imposed on Russia will make it difficult to import gas by such countries. Crude oil prices continue to rise. Further, Lithuania's rail traffic might be severely affected. Already burdened supply chain due to a sudden increase in demand after the covid crisis will further see delays in recovering. Ukraine alone exports half of the sunflower oil which again is severely affected. [Check out here](#)



2. Sanctions Imposed on Russia

Sanctions are the penalty imposed by one country on another. As the Russian-Ukraine crisis refrain from cooling, Russia faces the wrath of the West through multiple sanctions. These include freezing of Russia's Central Bank's assets (approx. \$630 bn), the ban on businesses and people to deal with the Russian Central Bank, ban from SWIFT. Further, the UK banned Russian companies and states to raise finance from UK markets. In-person sanctions of Russian President Vladimir Putin and Foreign Minister Sergei Lavrov have been imposed along with a few other Russian Oligarchs. [Check out here](#)

3. Defense, Engineering etc. Could Take a Big Hit as Russia Imposes Sanctions

India has strategic tie-ups with Russia, particularly in defense sector. As Russia faces sanctions from the West, the strategically important sectors in India could take a big hit. India's bilateral trade with Russia amounted to \$8.1 billion in the year 2020-21. India's key imports include defense equipment, mineral resources, nuclear power equipment, electrical machinery, fertilisers etc. With Russia's ban from the SWIFT payment system, India's defense imports will struggle in the absence of an alternate payment mechanism [Check out here.](#)



Circulars & Notifications:

Income Tax

Circular No. 3/2022: Clarification regarding the Most Favoured Nation (MFN) clause in the Protocol to India's DTAA's with certain countries.

The Protocols to India's DTAA's with certain countries, especially the European and OECD member countries contain a provision known as the Most Favoured Nation (MFN) clause. The general underlying provision behind this clause is as follows:

India enters into a DTAA with the first state that is an OECD member (Suppose country A). Now, if India enters into a DTAA with another OECD member state (Suppose country B) such that India limits its source taxation rights to a lower rate or more restricted scope (thus, benefitting Country B) in relation to certain incomes as compared to the first state (Country A), then India shall also provide such beneficial treatment to the first state (Country A).



The CBDT received representations seeking clarity on the applicability of the MFN Clause in some of the DTAA's with OECD member states (particularly relating to dividend withholding rates). India provided a lower rate for source taxation in DTAA's with certain countries namely Slovenia, Colombia and Lithuania. At the time when DTAA's was concluded, these countries were not the members of OECD but became so thereafter.

Thus, invoking the MFN clause, the Netherlands, Swiss Confederation and France (OECD member states) unilaterally declared by the issue of decree/bulletin that the tax rate on dividends under DTAA's with India stands modified because of more beneficial treatment to countries like Slovenia etc.

The CBDT issued a clarification that the Netherlands and France passed the said decree/bulletin without any bilateral consultation with India. India communicated its stance that Slovenia was not an OECD member state when the DTAA concluded. The benefits of India's DTAA's with a 3rd state cannot be imported into existing DTAA's with the OECD member nations unless the 3rd state was a member of OECD as well at the time of signing the treaty. [Click here to read the whole circular.](#)

Reserve Bank of India

RBI/2021-2022/158: Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications [Circular RBI/2021-2022/125 dated 12th November 2021.](#)

The Reserve Bank of India released clarifications with respect to Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances vide

In response to various queries seeking clarifications, the RBI advised the following:

- The definition of 'Out of Order' as clarified in the circular shall be applicable to all loan products being offered as an overdraft facility, including those not meant for business purposes and/or which entail interest repayments as the only credits.
- The 'previous 90 days period' for determination of the 'out of order' status of a CC/OD account shall be inclusive of the day for which the day-end process is being run.
- In case of borrowers having more than one credit facility from a lending institution, loan accounts shall be upgraded from NPA to standard asset category only upon repayment of entire arrears of interest and principal pertaining to all the credit facilities.
- The circular does not make any changes to the requirements related to reporting of information to CRILC, which will continue to be governed in terms of extant instructions for respective entities¹.
- The circular does not, in any way, interfere with the extant guidelines on the implementation of Ind-AS by NBFCs.

Further, as per Paragraph 10 of the circular, NPA accounts can be upgraded to the standard asset only if the entire arrears of interest and principal is paid by the borrower. RBI provided time till 30th September 2022 to the NBFCs to put the necessary systems in place to implement these provisions. [Check out the clarifications here.](#)

Ministry Of Corporate Affairs

Launching of web-based portal for e-filing for LLPs and suspension of some functions.

The Ministry of Corporate Affairs is launching a new way of e-filing for LLP on the MCA21 portal that will be entirely web-based. This application is proposed to be launched on 06th Mar 2022 at 12:00 AM. Therefore, the stakeholders were issued the following instructions and were advised to plan accordingly:

- LLP e-Filings on the MCA21 portal will be disabled from 25th Feb 2022 at 12:00 AM. All stakeholders are advised to ensure that there are no SRNs in pending payment status.
- Offline payments for LLP using Bank Challan and Pay later option would be stopped from 19th Feb 2022 12:00 AM. Please note that during 19th Feb 2022 12:00 AM to 25th Feb 2022 12:00 AM, payments for LLP will be accepted only through online mode (Credit/Debit Card and Net Banking).
- DSC association and new user registration on the MCA21 portal will be stopped on 25th Feb 2022 at 12:00 AM. These services will resume in a new application with LLP launch.
- Please note that there will not any interruption in the filing of Company forms. [Check out the updates here.](#)

LLP Amendment Rules 2022

LLP Amendment Rules 2022 were introduced effective from 1st April 2022. Apart from changes in existing rules, certain new rules were introduced. Following were the major introduction and changes in the LLP Amendment Rules, 2022. [Check out the amendment rules here.](#)

Introduction of Rule 19A	Allotment of a new name to existing LLP under sub-section (3) of section 17
Introduction of Rule 37A	Adjudication of penalties
Introduction of rule 37B	Appeal against order of adjudicating officer
Introduction of rule 37C	Registration of appeal
Introduction of rule 37D	Disposal of appeal by the regional director
Insertion of Form 16A	Certificate of Incorporation pursuant to change of name due to Order of Regional Director not being complied
Substitution of Annexure A	Payment of Fees

Relaxation of Levy of Additional Fees for Filing Various e-Forms of MCA

Upon various requests received from the stakeholders, the Ministry of Corporate Affairs issued a General Circular No. 01/2022 Dated 14th February 2022 relaxing levy of additional fees for filing the following forms for the financial year ended on 31st March 2021:

- AOC-4
- AOC-4 (CFS)
- AOC-4 XBRL
- ACO-4 Non-XBRL
- MGT-7
- MGT-7A

No additional fees shall be levied up to 15th March 2022. Only the normal fees shall be payable in respect of the above e-Forms. [Check out the circular here.](#)

Application of certain provisions of the Companies Act 2013 upon the LLPs

The Ministry of Corporate Affairs issued a Notification Dated 11th February 2022 stating that the following provisions of the Companies Act 2013 shall be applicable on the LLPs with certain modifications, unless the context otherwise requires. These provisions include:

Section 90	Investigation of beneficial ownership of shares in certain cases
Section 164	Disqualifications for appointment of director
Section 165	Number of directorships
Section 167	Vacation of office of director
Section 206(5)	Power to call for information, inspect books and conduct inquiries
Section 207(3)	Conduct of inspection and inquiry
Section 252	Appeal to Tribunal
Section 439	Offences to be non-cognizable

Filing of Form CSR-2

The Ministry of Corporate Affairs through Companies (Accounts) Amendment Rules 2022 Dated 11th February 2022, inserted a new sub-rule (1B) after Rule 12(1A) requiring companies covered under Section 135(1) to furnish a report on Corporate Social Responsibility in Form CSR-2. For the financial year 2020-21, Form CSR-2 shall be filed separately on or before 31st March 2022 after filing of the Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be. For succeeding years, it shall be filed as an addendum to the above AOC forms.

Customs Act

Circular No. 04/2022-Customs: Implementation of automation in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 with effect from 01.03.2022

The Central Board of Indirect Taxes and Customs (CBIC) made certain amendments in existing Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 (i.e., IGCR Rules, 2017) coming into effect from 1st March 2022. The amendments aimed at automating the entire procedure and making the process contactless. Various forms have been standardized and notified for their electronic submission. The permissions and intimations that were individual transactions based are done away with and instead, a monthly statement would be submitted by the importers. The amendment covers the following aspects:

- Procedure to be followed by an importer
- A one-time prior intimation of intent to avail IGCR Benefit
- Import of goods at concessional rate
- Receipt of goods
- Goods sent for job work from importer's premises
- Receipt of goods from the job worker
- Inter-Unit transfer of goods
- Utilization of goods for the intended purpose
- Re-Export or clearance for home consumption
- Monthly statement and maintenance of the account
- Transitional measures



Further easing out the difficulties of the importers, the district-wise list of jurisdictional customs officers has been published on the CBIC website along with their contact details and their jurisdiction. [Click here](#) to access the same. [Check out the circular here.](#)

Circular No. 3/2022-Customs: Clarification regarding applicability of Social Welfare Surcharge on goods exempted from basic and other customs duties/cesses

Clarifications were sought on the applicability of Social Welfare Surcharge (SWS) on the goods that are exempted from the basic customs duty and related taxes. As there are no existing exemptions with reference to SWS, in certain cases, they were levied on notional customs duty where customs duty was not applicable in reality.

To address this, the circular has been issued to clarify that SWS is applicable on the aggregate of customs duty payable on import of goods and not on the import value of goods itself. Thus, where the customs duty payable is zero because of exemption, then the value of SWS will also become 'NIL'. Law does not state computation of SWS on notional customs duty calculated at a tariff rate in cases where actual customs duty is zero.

[Check out the circular here.](#)



Indo Japan News

Joint Review of 114 Companies

A Joint Review was conducted by India and Japan on 114 Japanese companies working in India. These companies are operating under the Japanese Industrial Townships (JITs) and therefore their progress was reviewed by the Department for Promotion of Industry and Internal trade (DPIIT), India and Ministry of Economy, Trade and Industry (METI), Japan.

JITs were set up in pursuance of the 'action agenda for the India-Japan investment and trade promotion and Asia-Pacific economic integration' signed between METI and DPIIT in April 2015. Japan is the 5th largest investor and has contributed over \$36.2 billion in cumulative investments in India since the year 2000. [Check out the full story here.](#)

DPIIT and METI Meet

During the meeting of DPIIT and METI, India showcased investment opportunities in the promising sectors that include renewable energy, electric vehicles, Information and Communication Technologies, robotics, drones, textiles, etc. for the Japanese firms. [Check out the full story here.](#)

Quad Meeting

The in-person Quad Foreign Minister's meeting was held on 11th February 2011 comprising Japan-Australia-India-US. The meeting saw major discussions upon the disruption of international order and peace through unilateral attempts to change the status quo.

Further, the discussions included the vision of "Free and Open Indo-Pacific" being resonated around the world, the unwavering support for ASEAN's centrality and ASEAN led architecture, unilateral

attempts to change the status quo in the East and the South China Sea, condemnation of ballistic missile launches by North Korea, etc.

[Check out the full story here.](#)

India-Japan: 70 years of Cooperation and the Way Forward

In the conference - 'India-Japan: 70 years of Cooperation and the Way Forward', organised by Ananta Centre and the Embassy of Japan, India, the Foreign Secretary highlighted the strength of diplomatic ties of India with Japan and various endeavors and projects being undertaken as part of the strategic partnership. The Secretary emphasised all the important areas where Indo-Japan are coordinating to develop stronger partnerships including but not limited to defence and strategic ties, supply chain, Green Energy Partnership, Manufacturing and MSMEs, 5G Data, Blockchain etc.

[Check out the full speech here.](#)





Indo Japan News

Investment in Northeast India

Northeast India is a major part of Japan's free and open Indo-Pacific region that led to Japan playing a crucial role in the development of Northeast India. Some of the major projects of Northeast India involving Japan includes:

- Guwahati Water Supply Project
- North-East Road Network Connectivity Improvement Project (Assam-Meghalaya)
- Sustainable Catchment Forest Management Project (Tripura) Project on Capacity Enhancement for Sustainable Agriculture and Irrigation Development (Mizoram) etc.

To sum it up, as of January 2021, the total ODA from Japan to Northeast India stood at over Yen 231 billion. [Check out the full story here.](#)

Exercise Dharma Guardian

3rd India-Japan military drill was set to kick start from 27th February at Belagavi in Karnataka. The Japan Ground Self Defense Force (JGSDF) arrived in India to participate in the 'Exercise Dharma Guardian' that will extend for 12 days till 10th March 2022. The aim is to foster mutual understanding and enhance inter-operability between Indian and Japanese armies.

The scope of the Exercise Dharma Guardian covers platoon-level joint training on operations in urban, semi-urban and jungle terrain. This year, combat experienced troops of the Maratha Light Infantry Regiment (Indian Army) and 30th Infantry Regiment of the Japanese Ground Self Defense Forces participated. [Click here to know the full story.](#)





PUBLICATIONS

INTERNAL PUBLICATIONS

A Brief Guide on Internal Controls Over Financial Reporting (ICFR)

The Satyam Scandal of 2009 highlighted the loopholes in the regulations at that point in time and eventually, this gave rise to Internal Financial Control (IFC) Internal financial controls are aimed to ensure that business is conducted in an orderly fashion while ICFR addresses the financial reporting aspect. <https://bit.ly/35JSRQk>

Charitable Trust Formation and Compliance: Income Tax Act and Trust Act

Forming a charitable and religious trust is the most preferred option. In this guide, we have discussed the procedure for the formation of the trust and the compliances that trust needs to adhere to.

<https://bit.ly/3hTnaX4>

Employee Gratuity Trust: Formation and Compliances

Section 36(1)(v) allows a deduction to employers for their contribution towards an approved gratuity fund under an irrevocable trust exclusively for the benefit of their employees. Here's a complete guide as to how the gratuity trust can be formed, and what are the related compliances. Read on to understand!

<https://bit.ly/3sZ7iZA>

SEBI Compliances and Regulations for Listed Companies

Listed Companies benefit in terms of better opportunities to raise ample amounts of funds from various categories of investors. Here, in this guide, the SEBI compliances for the listed companies are divided into 3 categories based on timeline viz., quarterly,

half-yearly and annual compliances. This is followed by the general compliances applicable.

<https://bit.ly/3hYGr9P>

Annual Information Statement and Taxpayer Information Summary: A Detailed Guide

The AIS is introduced with an aim to provide a comprehensive report to the taxpayer of the financial transactions as well as to promote voluntary compliance. AIS and TIS have increased the transparency and provided all the necessary information regarding the financial transactions that the assessee carries out during the Financial Year.

<https://bit.ly/3HZA28L>

GST Highlights in budget FY 2022-23

As per budget FY 2022-23 released on 1st February 2022, this article highlights on important changes with interpretation from industry experts. Finance Bill 2022-23, ITC in respect of invoices pertaining to a financial year can be claimed up to 30th November of the next financial year. <https://bit.ly/3tKZakX>

Union Budget 2022-23: Highlights and Analysis

The detailed presentation on Budget 2022 caters for all major changes on Direct and Indirect taxation. Finance Minister Nirmala Sitharaman presented the Union Budget 2022-23 in Parliament on 1st February 2022.

<https://bit.ly/3CAnZxD>



QUOTE OF THE MONTH

“Success isn’t about how much money you make, it’s about the difference you make in people’s lives.”

- Michelle Obama.

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