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CBDT Circulars & Notifications

- ITR – 1 and ITR – 4 for the Assessment year 2020-21 have been notified by CBDT vide Notification no. 1/2020. As per the new forms, the assessee cannot file ITR – 1 and ITR – 4 **if such assessee have joint ownership of immovable properties with another person.**
- CBDT notified rule 6ABBA, wherein **Credit card, Debit card, Net Banking, IMPS, UPI, RTGS, NEFT and BHIM** can be used for payment or receipt in order to be compliant with Section 43B, 43CA, 50C, 44ADA, 44AD, 80JJAA, 269SS, 269ST and 269T.
- CBDT issued clarification on the Applicability of the TDS under section 194K (Proposed in Finance Bill, 2020). The provision of TDS is applicable only on the **payment of dividend and not on the redemption of the Mutual Funds.**
- CBDT had reconstituted CASS [Computer Aided Selection of cases for Scrutiny] Committee with new terms of reference to formulate new rules, criteria etc.
- CBDT issued Circular 4/2020 with a view to provide guidance to employers/employees in understanding various provisions of the Act relating to Income under the head Salary for the AY 2020 – 21.
- CBDT Vide press release clarified that amendment proposed on bringing stateless person to tax is **anti-abusive in nature and would not be applicable for Indian citizens, who are bonafide workers in other country.**
- CPC issued an instruction that no request for issue of lower/nil deduction Certificate will be accepted after **March 15 of the respective financial year.**

Finance Bill 2020

Key Tax Proposals:

For key updates on the Finance Bill, 2020 please visit the following URL:

<http://vcmv.in/wp-content/uploads/2020/02/Taxflix-Union-Budget-20-21.pdf>

Focus Areas

Individuals		Companies	Miscellaneous
Resident	Non – Resident		
<p>1. Introduction of the new tax regime: It is essential to undertake an in-depth tax benefit analysis – old regime vs. new regime.</p> <p>2. Impact of DDT's Abrogation – This would impact the high networth individuals. Tax cost increased by 8%</p>	<p>1. Change in the criteria for the residential status: Due to change in residency rules, every inbound/outbound employees should revisit their tax residency status for the FY 2020-21</p> <p>2. Income from Investments – With the abolition of DDT, the Income is taxable in the</p>	<p>1. New Tax Regime for Individuals: Companies need to revisit the payroll structure to accommodate new as well as old tax regime for employees and to achieve administrative efficiency.</p> <p>2. Revised TDS/TCS provisions: Implement a robust Control</p>	<p>1. Stamp value will not be substituted as Sale value provided such stamp value does not exceed 110% of the sale consideration.</p> <p>2. Every Not for profit organisations, charitable trusts and research /educational institutions required to submit a fresh application before</p>

<p>3. TCS on Foreign Travel: Tour operators would be obligated to collect tax at source and file statement of information with respect to the traveller. Hence, every individual undertaking foreign travel irrespective of their income chargeable to tax in India would be obligated to file the return of income from FY 2020-21.</p> <p>4. Employers' contribution in NPS, PF and Super-Annuation Fund in excess of INR 7,50,000/- is taxable. Further, annual accretion beyond the above limit would also be taxable.</p>	<p>hands of the Investors. One need to evaluate the tax position under DTAA & section 115A. It is also essential to evaluate compliances relating to filing of return of Income by NR having Dividend Income.</p> <p>3. Introduction of the new tax regime: Tax arbitrage of adopting of the new regime to be evaluated. Specifically, from inbound expats perspective.</p> <p>4. TCS is applicable on LRS remittances: 5% on remittances exceeding INR 7 Lakhs.</p>	<p>mechanism to adapt the amended TDS/TCS provisions including a mechanism to mitigate fake invoice exposure.</p> <p>3. Additional compliance burden over E-commerce companies operating in India.</p> <p>4. Rationalisation of Tax Audit Applicability: The limits for tax audit increased to INR 5 Crores for businesses and INR 1 Crore for professionals whose income in cash does not exceed 5% of the Turnover. However, existing threshold limit shall continue for the purposes of TDS compliance.</p> <p>5. MLI Implications: Re-emphasise the need to consider MLI impact on cross-border remittance.</p> <p>6. No Dividend Distribution taxes.</p>	<p>commissioner for tax exemption within 3 months from the date of entry into force of Finance Act, 2020.</p> <p>3. Relaxation on taxation of ESOP is applicable only for START-UPS.</p>
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Vivad Se Vishwas Bill, 2020,

With an object to provide resolution for pending tax disputes and matters connected therewith, Central Government introduced Vivad Se Vishwas Scheme. Subject to the conditions, the scheme provides for waiver of interest, penalty and grants immunity from prosecution proceedings. Refer below given payment schedule:

Type of Case	Resolution and payment on or before March 31, 2020	Resolution and payment Post March 31, 2020 before June 30, 2020
Disputed Tax liability	Entire Disputed Tax	Entire Disputed tax + (10% of such disputed tax or [actual interest + penalty] whichever is lower)
Disputed Penalty/Interest	25% of the penalty/Fee/ Interest	30% of the Penalty/Fee/Interest

International Tax

France: French Ministry had suspended collection of digital taxes in order to prevent tariff war with United States.

Japan and Morocco signs a new Tax treaty, which provides for exchange of information, Mutual

assistance in collection of tax claim and anti-abuse provision in line with MLI.

United Kingdom is contemplating to introduce Digital Taxes with effect from April 2020.

FEMA

- Reserve Bank of India ('RBI'), as announced in the statement on developmental and Regulatory policies as on October 4, 2019, **it has decided that Rupee Derivatives with settlement in foreign Currencies can be traded in the International Financial Services Centre** starting with Exchange Traded Currency Derivatives.
- RBI has reviewed the Investment by Foreign Portfolio Investor ('FPI') master Direction and **increased the maximum limit for short-term investment in corporate bonds and Central Government Securities by FPI from 20% to 30% of the Total investment.** Further, RBI decided that short-term investment does not include the Debt instrument issued by ARCs and Corporates under resolution process.
- RBI had reviewed the **Merchant Trade transaction ('MTT')** regulations and issued a revised regulation. Key Snippets are as follows:

Austria published Digital Tax guide for Digital Tax Act, 2020, which is applicable with effect from January 1, 2020.

- MTT transaction shall be completed within 9 months and there shall not be any outlays in foreign Exchange **beyond 4 months.**
- Threshold limit for advance payment in case of import leg increased from USD 200,000 to **USD 500,000.**
- Merchant traders with **outstanding of 5% or more of their annual export earnings shall be liable for caution listing.**
- RBI has accepted the recommendation of the Task force on Offshore Rupee Market wherein it has permitted authorized dealers to undertake foreign currency dealing with other banks and customers **even beyond the onshore market hours.**
- RBI has decided to relax the investment threshold cap for FPI in Debt instrument under Voluntary Retention Route from **INR 75,000 Crores to INR 1,50,000 Crores.** RBI has also permitted the FPI to invest in Exchange Traded Funds.

Indian Stamps Act, 1899

- Central Government vide S.O. 116(E) dated January 8, 2020 had notified **Registrar to an Issue and Share transfer Agent as depository for the purposes of collecting Stamp Duty** in the cases of transaction made through recognized Stock exchanges.

- Central Government vide GSR 19(E), had **postponed the date of applicability from January 9, 2020 to April 1, 2020** for collection of stamp duty by the depository for transaction made through stock exchange.

Goods and Services Tax Corner

- CBIC vide Notification no. 29-CT (Rate) dated December 31, 2019 notified that suppliers of services by way of renting of any motor vehicle designed to carry passengers where the cost of fuel is included in the consideration charged from the service recipient **have an option to pay GST either at 5% with limited ITC (of input**

services in the same line of business) or 12% with full ITC.

- **Notification No. 01/2020 – Central Tax and Notification No. 01/2020 – Integrated Tax**, both dated January 1, 2020 Provisions of sections 92 to 112 (**Amendments to CGST Act, 2017**), **except**

section 92 (Pertaining to National Appellate authority for Advance Rulings), section 97 (Pertaining to Section 39 of CGST Act), section 100 (Pertaining to Section 50 of CGST Act-Interest payable on amount paid by debiting cash ledger) and sections 103 to 110 (refund; Pertaining to National Appellate authority for Advance Rulings; National Appellate authority) of the Finance Act, 2019 shall come into force w.e.f January 1, 2020. **New GST return system to be introduced from April 2020 (earlier proposed from October 2019)**

- **Notification No. 02/2020 – Central Tax** dated January 1, 2020 extended the due date for submission of FORM GST TRAN-1 to **March 31**,

2020. Further, Form GST TRAN 2 can be submitted by April 30, 2020, for those who could not submit the said declaration by the due date on account of technical difficulties on the common portal.

- **Amendment proposed to CGST Act, 2017 & IGST Act, 2017 [Clause 116 to 129 of Finance Bill, 2020–Effective Date will be notified later.**
- Circular No.131/1/2020-GST dated 23rd January 2020, CBIC had notified the **Standard Operating Procedures ('SOP')** which the Exporters must adhere to.

Key Judicial Precedents

A. Payment for software upgrade by Distributor to Parent Company is not in the nature of Royalty.

Trimble Solutions Corporation c/o SRBC & Associates LLP vs. DCIT [2020] ITA. No 6481/Mum/2017 (Mumbai ITAT)

Facts:

- The Assessee is a foreign company incorporated in Finland and is engaged in the business of developing and marketing specialized **off-the-shelf software products**. In India, the assessee markets and distributes the specialized software products to the end user through a distribution channel consisting of its subsidiary M/s. Trimble Solutions India Private Limited and other third party distributor.
- The assessee had exclusively owned all the Intellectual Property Rights (IPR) in relation to the software and merely granted the distributors the right to distribute a copyrighted article.
- The Assessee provided **software upgrade, maintenance services with regard to its software to the Subsidiary and Distributors who in turn provided these services to the end users.**
- During the Assessment, AO concluded that the payment made by Distributors to the Assessee is in nature of Royalty and levied taxes on the same.

Department's Contention:

- The payments for off-the-shelf software were towards sale of a "copyrighted article". The AO was of the view that a mere grant of any right in a copyright as mentioned in Sec. 14 of the Copyright Act would suffice to fulfil the Article 12 of India-Finland DTAA and Explanation 2 to Sec. 9(1)(vi) of the Act.

Held:

- Relying on the Hon'ble Delhi High Court¹, Hon'ble ITAT held that **Software upgrades and maintenance are akin to the amounts received for distribution of the specialized off-the-shelf software products**. There was no transfer of right to use the copyright embedded in the said copyrighted article (i.e. software products), therefore, the same cannot be construed as "royalty" income, under Article 12 of India-Finland DTAA and would be the "business income" of the assessee.
- The amount received by the assessee from its distributors for sale of specialized software and maintenance and support services (including upgrades) are not in nature of "royalty" as per Article 12 of the India-Finland tax treaty.
- Considering the above, Hon'ble ITAT rejected the contention of the Department.

¹ DIT Vs. Infrasoftware Ltd. (2014) 264 CTR 329 (Del)

B. Employees participation fees in seminar conducted abroad not FTS

Roche Diagnostics India Pvt. Ltd., vs. ACIT [2020] ITA No. 1537/MUM/2016 (Mumbai ITAT)

Facts:

- Roche Diagnostics India Pvt. Ltd is engaged in the business of marketing and distribution of biomedical equipment, reagents and spares for such equipment in India. The main products for the critical care segment are Blood Gas and Electrolyte Analyzers.
- The Assessee has made remittance to Duo Contrsuting (A Tax resident of Germany) and Right Management (Tax Resident of Singapore) towards participation of its employees in conference/seminar held in Hong Kong and Singapore respectively.
- The AO concluded that the above payment is in nature of Fees for Technical Services under India – Germany DTAA and India – Singapore DTAA. Accordingly, disallowed the above payments under section 40(a)(i) due to non-deduction of TDS.

Held:

- A fees or payment can be characterized as a Fees for technical services under section 9(1)(vii) only when a person renders services in nature of Consultancy or technical or managerial. In the given facts of the case, employees' participation in an event does not tantamount to rendition of technical services.
- **The fees for employees participation in an event does not fall under any article of India - Germany DTAA** and therefore the same shall be dealt under **Article 21 "other Income"**. Any other Income not specifically covered in other articles are taxed based on residential status of the recipient of Income.
- Further, the payment made to Right management falls under Article 7 – Business Profits and therefore not subject to tax, sans Permanent Establishment.
- Given the above, the Hon'ble ITAT held that the above payments do not attract withholding taxes under section 195 of the Act and deleted the additions made by the Learned AO.

C. Depreciation on Goodwill:

Tam Media Research Pvt. Ltd. vs. ITO [2020] ITA No. 6035/Mum/2009 (Mumbai ITAT)

Facts:

- The Assessee company is engaged in the business of providing television audience measurement services
- The Assessee Company acquired one unit of M/s A.C. Nielson ORG-Marg Research Pvt. Ltd. known as "Adex Business" along with all its assets and liabilities for a total consideration of INR 12,10,31,250.
- Out of the total consideration, an amount of INR 11,44,77,378 is made over and above the Net Asset value of the Adex Business.
- The Assessee capitalised the above excess payment as Knowhow, intangibles and Goodwill and claimed depreciation on the same.
- The Income tax Authorities contended that the bifurcations of intangible assets are not mentioned in the Business transfer Agreement and denied the depreciation availed on the same.

Held:

- The Hon'ble Apex Court² had held that goodwill is an asset under explanation 3(b) to section 32(1) of the Act. The expression 'Any other business or commercial rights of similar nature' squarely includes Goodwill.
- Mere non-mention of the Bifurcation of the Intangibles in agreement does not bar an assessee from claiming depreciation.
- Thus, the contention of the Income tax authorities denying the claim of Goodwill is not valid.

D. Carry forward of unabsorbed depreciation on Succession of a Proprietorship by a firm?

M/s. Narshi Nenshi & Sons vs. ITO [2020] ITA No. 1157/MUM/2018 (Mumbai ITAT)

Facts:

- The assessee is a partnership firm engaged in the business of transportation, filed return of

2 CIT vs M/s. Smirf securities Limited [2012] 348 ITR 302 (S.C)

income for the A.Y. 2013-14 on 26.09.2013 declaring NIL income after claiming setoff of unabsorbed depreciation.

- Late Mr. Virchand Narshi Soni expired on 08.12.2008. He was carrying on the business under the name and style of Narshi Nanshi & Sons as a proprietor. After his demise his legal heirs continued the same business as a partnership firm in the above name w.e.f. 09.12.2008 under the same trade name using the same place of business, telephone lines etc.
- The Assessing Officer disallowed claim of unabsorbed depreciation/business loss observing that unabsorbed depreciation cannot be carried forward for set off by another person other than the person who has incurred depreciation on his fixed assets unless otherwise by way of succession as mentioned in section 78(2) of the Act.

Held:

- Relying on the decision of the Hon'ble Supreme Court³ Hon'ble ITAT allowed the claim of the assessee since there **was a succession by the partnership firm from the proprietary concern. Thus, the succession of Proprietorship by a firm satisfy condition laid down in section 78(2) of the Act.**
- Therefore, Assessee is entitled to setoff business loss/unabsorbed depreciation of the proprietary concern against income of the successor partnership firm.

E. No Agency PE when entity remunerated at ALP under APA:

CMA CGM SA vs. DCIT. [2020] ITA No. 6095/Mum/2018 (Mumbai ITAT)

Facts:

- The Assessee is a tax resident of France and engaged in the shipping business in International Waters.
- The Assessee has carried out its business Activity in India through its agent CMA CGM Agencies India Private Ltd.
- The Assessee has entered into APA with CBDT that remuneration @18% between Assessee and

the Indian Agent would be considered as Arm's length price.

- The Assessee earned Income from Inland Haulage Charges ('IHC') from India and offered the same to tax at a beneficial rate under India-France DTAA.
- Department contended that Assessee cannot claim benefit from Article 9 of the India-France DTAA as the Article 9 is applicable only for business carried on in International waters.

Issue:

- Whether beneficial rate under Article 9 of India-France DTAA be applied for IHC earned in India?
- Whether the presence of Indian Agent can be construed as Agency PE in India?

Held:

- Relying on the Co-ordinate Bench of Mumbai ITAT in the Assessee's own case in earlier years, held that IHC is in the nature of reimbursement for expenses incurred in movement of goods within India and the same forms part of Income from Operation of Ships in International traffic. Hence covered under Article 9 of Indo – French DTAA.
- The Hon'ble ITAT held that the agent do not trigger the conditions for Agency PE on the following grounds:
 - a. The Income earned by the **Assessee is taxed under Article 9(1) of India France DTAA and no income is liable to be taxed as Business Profits.**
 - b. If the agents are **remunerated at arm's length, then the agent shall be construed as agent of Independent Status and accordingly, no Agency PE would be applicable.**

F. Applicability of TP provision on Ship Management Services:

M/s. Essar Ports Ltd v. DCIT [2020] ITA No. 1831/Mum/2015 (Mumbai ITAT)

Facts:

- The Assessee is engaged in the business of carrying on shipping operations.

³ CIT vs. Madhukant Mehta 247 ITR 805 (SC)

- The Assessee entered into ship management agreement with M/s. Essar Shipping and Logistics Ltd for providing ship and crew management services.
- The Assessee had applied TNMM method in order to benchmark its aforementioned ship management services and arrived at arm's length price.
- The Assessee offered its income based on tonnage taxation scheme under chapter XII-G of the Act.
- TPO/AO discarded the Transfer price computed by Assessee and made an upward adjust.

Issue:

- Whether the Shipping management business is covered under Chapter XII-G as incidental Income?

- Can the Transfer pricing provisions under Chapter X be applicable for cases covered under Chapter XII – G?

Held:

- **“Incidental Activities”** encompasses **“Ship Management fee”** as per section 115V-I read with rule 11R of the Rules. Therefore, ship management services are incidental to the main shipping business.
- It is imperative to note that **tonnage taxation is presumptive scheme for computation of Income of qualifying ships based on the tonnage capacity and number of days in operation.**
- **The Actual receipts/ revenue earned and expenses incurred do not affect determination of tonnage income.**
- **Therefore, the transfer pricing provisions under chapter X would not be applicable where income is offered under chapter XII – G.**

Other Important Precedents

- Hon'ble Delhi ITAT rejects Assessee's plea that TDS is not applicable on the year-end provisions as the Payee are not identifiable. **ITAT noted that where Assessee has ascertained and created provisions under specific heads, contention that the Payees are not identifiable cannot be accepted- M/s. Inter Globe Aviation Ltd vs ACIT [2020] ITA No. 5347/Del/2012. (Delhi ITAT)**
- A SPV was created by four companies to represent the consortium before Delhi Development Authority and other authorities for execution of prestigious contract of construction of Common Wealth Games village. The entire finance and commercial risk are borne by the holding company for a consideration of 25% of the total revenue. **Hon'ble Delhi ITAT held the above disbursement of income as diversion of Income by overriding title and not application of Income. - M/s. Emmar MGF Construction P Ltd v. ACIT [2020] ITA No. 1731, 1732/Del/2014 (Delhi ITAT).**
- Hon'ble Kerala High Court held that clarificatory circulars provides guidance for the Officers and bind the department but not the court in interpretation of statutory provisions. Further, in case where the provisions have already been interpreted by Superior Courts, then it is not open for an Assessee to project an interpretation in tune with the circular. – **Peringottukurissi Service Co-operative Bank Ltd. V. ITO [2020] ITA No. 197 of 2019 (Kerala HC).**
- Hon'ble Agra ITAT held that if an assessee is **aggrieved by the intimation under section 143(1) of the Act and denies liability, there is no requirement in law to approach CPC for rectification before filing an appeal** under section 246A with the Commissioner of Income Tax Appeals. - **M/s. Dixit Rice Mills vs. DCIT (CPC) [2020] ITA No. 373/Agra/2018 (Agra ITAT)**
- In order to discourage the practice of pursuing **writs without any merit**, Hon'ble Delhi High Court levied the cost of INR 2 lakhs on the petitioner - **RDS Project Limited vs. ACIT [2020] W.P.C. No. 11274/19 (Delhi HC).**
- Dispute Resolution Panel cannot **issue direction or make an observation in order passed by AO under section 144C of the Act, where such order is not prejudicial to the interest of the Assessee. - M/s. Regen Renewable Energy Generation Global Limited v. DCIT [2020] ITA No. 153/Chny/2018 (Chennai ITAT)**

OECD

- **Togo** joined the international efforts against tax evasion and avoidance and signed the Multi-lateral Convention on mutual Administrative Assistance in Tax Matters. Togo is the 136th jurisdiction to join the convention.
- The **Organisation for Economic Co-operation and Development (OECD)** and the **Intra-European Organisation of Tax Administrations (IOTA)** signed the renewal of a Memorandum of Understanding for Co-operation between them.
- **Cyprus** and **Saudi Arabia** deposited its instrument of ratification of the Multi-lateral convention to implement Tax Treaty related measures to prevent base erosion and profit shifting. The MLI enters into force from May 1, 2020.
- **Vietnam** and **Palau** joins the Global Forum on Tax Transparency and exchange of information for Tax purposes.
- OECD is committed to reach a consensus-based long-term solution to the tax challenges arising from the digitalization of the economy. Further, it assured to bring in an agreement by the end of 2020.

NBFC

- On review of the master Direction for NBFC, RBI has decided that NBFC can pool gold jewellery from different branches at a district and auction it at any location within the district subject to the conditions that First auction has failed and such NBFC has met all other compliance requirements.
- With a view to leverage the digital channel for Customer Identification Process by Regulated Entity, RBI had decided to permit **Video based Customer identification Process** as a consent based on alternate method of establishing the customer's identity. RBI has further amended the KYC Master direction, to be inline with the amended Prevention of Money Laundering Rules.
- The Minimum Retention Requirement for securitization/assignment transactions for NBFC was relaxed until December 31, 2019. Post review of the Direction, **RBI decided to extend such relaxation until June 30, 2020.**
- RBI has decided that banks may, based on the approval from their Board of Directors can provide cash withdrawal facility at the point of sale terminals. RBI also advised such designated merchants to display the availability of this facility along with the charges.

Secretarial Corner- Companies Act, 2013 ('CA 2013')

- MCA has extended the due date for filing of Significant Beneficial Ownership in e-form BEN 2 and BEN 1 up to March 31, 2020 without the payment of penalty.
- **MCA has amended the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 wherein:**
 - a. The threshold limit of the Paid-up share capital for the appointment of Whole Time Company Secretary by a Private Limited Company **has been increased from INR 5 Crores to INR 10 Crores.**
 - b. The requirement for obtaining the Secretarial Audit Report in Form MR 3 by a Practicing Company Secretary is now extended to **all types of Companies** having outstanding loans or borrowings from banks or public financial institutions of **INR 100 Crore or more.**
- As part of Government's Ease of Doing Business initiatives, MCA would be shortly notifying & deploying a new Web Form christened as '**SPICe+**' for the Incorporation of Companies under the Companies Act, 2013. **SPICe+ would be an integrated Web**

form offering multiple services viz. name reservation, incorporation, DIN allotment, mandatory issue of PAN, TAN, EPFO, ESIC, Profession Tax (Maharashtra) and Opening of Bank Account.

- MCA vide notification dated January 24, 2020 has published Companies (Winding Up) Rules, 2020 which lays down procedures for winding up of companies by the National Company Law Tribunal ('NCLT') under Section 272 of the Companies Act, 2013 which shall come into effect from 1st April, 2020.
- MCA has amended the Companies (Accounts) Rules, 2014 to the effect that every Non-Banking Financial Company (NBFC) that is required to comply with Indian Accounting Standards (Ind AS) shall file the financial statements with Registrar in

the Form AOC-4 NBFC (Ind AS) and Form AOC-4 CFS NBFC (Ind AS).

- MCA has **extended the due date for filing e-form AOC 4 NBFC (Ind AS) and AOC-4 CFS NBFC (Ind AS) up to March 31, 2020** without the payment of penalty for the FY 2018-2019.
- The Union Houses are considering a proposal to amend the Companies Act, 2013 **to decriminalize about 44 of 66 offences**, which may include corporate social responsibility violations and non-filing of returns etc.
- MCA has extended the due date for filing e-form AOC 4 / AOC-4 (CFS) and AOC-4 XBRL and e-form MGT-7 up to March 31, 2020 without the payment of penalty for the FY 2018-2019 for companies having jurisdiction in the UT of J&K and UT of Ladakh.

Limited Liability Partnership Act, 2008

- The Central Government has notified that Section 460 of the Companies Act 2013 is now extend to Limited Liability Partnerships. Section 460 of the Companies Act, 2013 deals with the **condonation of delay relating to non-filing of returns with Registrar within the specified timeline.**

SEBI

- SEBI has issued guidelines on January 17, 2020 for Rights issue of units by a Listed Real Estate Investment Trust ('REIT') and Listed Infrastructure Investment Trust ('InvITs'). Key snippets are as follows:
 - a. The Units of same class which are proposed to be allotted should have been already listed on the stock exchange.
 - b. **In-principle** approval of Stock Exchange is required.
 - c. **REIT/ InvITs** is required to comply with the Continuous Listing and Disclosure Obligation and REIT/InvITs Regulation.
- SEBI on January 09, 2020 issued the operating guidelines for Investment Advisors in International Financial Service Centre (IFSC) wherein **SEBI (Investment Advisors) Regulations 2013 are also applicable to Investment Advisors setting up operations in IFSC subject to certain modifications.**

- SEBI has exempted certain overseas government agencies and their related entities from **clubbing of investment limit that is applicable for FPI**. The exemption would be applicable where the Indian government has entered into agreements or treaties with overseas governments or there is an order.
- SEBI has notified the requirement of Filing of Deviation or Variation in the use of proceeds of issue of listed Non-Convertible Debt securities (NCDs) or listed Non-Convertible Redeemable Preference Shares (NCRPs). **The Statement is required to be furnished on half-yearly basis with effect from the half-year ending as on March 31, 2020.**
- SEBI has reduced the period of advance notice by the Listed Entity to stock exchange from **7 working days to 3 working days** for purpose of issue of securities on rights basis.

- SEBI had issued informal guidance that Foreign Portfolio Investors can also invest in shares, debentures and warrants issued by the body corporate that **are proposed to be listed on the stock exchanges.**
- SEBI has issued **Disclosure Standards for Alternative Investment Funds (AIFs)**. The Key Excerpts are as follows:
 - a. Private Placement Memorandum – Format has been notified.
 - b. Compulsory Annual audit of Compliance in line with Private Placement Memorandum.
 - c. SEBI directed AIFs Associations to notify Benchmarking agencies. SEBI also directed the industry associations to decide on the format of the report.
 - d. The industry performance data will be publically available. Each AIF, which has completed one year from first close, will need to procure performance-benchmarking report and provide the same to its investors.

Title	Tax & Regulatory Update
Month Year	January 2020
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