

Dear Readers,

Learning to live in a new world is hard, but human beings are extraordinarily adaptable and innovative. We need to learn to live with the Corona Virus and make the best of what we can, and with the economy opening up gradually, a lot of us have already made those shifts.

This is the time to be vigilant in the businesses. There are new opportunities that are coming up while at the same time there are risks that we might face further, which have not yet materialized. Planning and thinking short term while keeping an eye on the long term is most critical.

It is easy to get into a mode of complaining that the tough times are because of Covid-19 and there is nothing we can do about it. While the external environment has certainly become incredibly challenging, that is not in our control but adapting the business to the current environment is fully in our control.

Border tensions with Nepal and China have been rising. India and China have both reported that soldiers have given the highest sacrifice for their countries. While we battle the virus, battling each other is an added strain on our soldiers and citizens. Gone are the days when economic supremacy needed to be expressed through territorial ambitions. Countries should show progress in science, technology, healthcare and business model innovation to gain economic supremacy. This has the power to advance human civilization.

As has been noted in this letter for the last few months, this virus is likely to be with us for the foreseeable future. We will eventually be triumphant, have no doubt about that. However, in the meanwhile, it is important to have a dual focus on survival and opportunistic growth, in life and in business.

Do stay in touch with people and ensure that your loved one's mental health is not impacted. By staying safe, vigilant and clued in, we can avoid any personal and professional mishaps.

**Regards,**

**Dinesh D. Ghalla**

# DIRECT TAX

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## SURCHARGE RATES FOR AY 2020-21 OF CERTAIN ASSESSEES

The amount of income tax for assessment year 20-21 shall be increased by applicable surcharge rates as mentioned below depending on the slab of total income of certain assesses:

- a. 10% of income tax where total income exceeds Rs. 50,00,000
- b. 15% of income tax where total income exceeds Rs. 1,00,00,00
- c. 25% of income tax where total income exceeds Rs. 2,00,00,000
- d. 37% of income tax where total income exceeds Rs. 5,00,00,000

However for incomes chargeable to income tax under 111A / 112A or 115AD, the enhanced surcharge levied at the rates of 25% or 37% shall not be levied. Hence, the maximum rate of surcharge on tax payable on such incomes shall be restricted to 15%.

For a detailed note, kindly [click here](#).

## EXTENSION OF VARIOUS TIME LIMIT UNDER DIRECT TAX

In view of the challenges faced by the taxpayers, due to the outbreak of Covid-19, the Government has provided further relaxations under the IT Act, 1961 such as postponing the due dates for filing belated RoI or revised ROI for AY 19-20 and extension of due date for claiming deductions u/s 80C, 80D, 80G etc for the period FY 19-20.

To view the note, please [click here](#).

# INDIRECT TAX (GST)

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## INPUT SERVICE DISTRIBUTOR AND CROSS CHARGE

GST implementation in India piloted various new concepts of indirect taxation. However, a lot of concepts from the erstwhile law have also been carried forward in GST. **Input Service Distributor** "ISD" is one such concept. **An important change under the GST regime is the treatment of inter-unit cross-charges.** ISD is basically the concept used to distribute ITC which is accumulated at one location to different locations. Whereas Cross charge is

applicable for distributing the Input tax credit where there is supply of goods or services between related or distinct persons. The combination of ISD and Cross Charge Mechanism will enable the dealer to efficiently use the ITC credits in respect of procurements happening at various places.

To know more, [click here.](#)

## FEMA

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### IMPORT OF GOODS AND SERVICES – RELAXATIONS

Reserve Bank of India (RBI) vide its Circular dated 22<sup>nd</sup> May 2020 announced certain relaxations for import of goods and services. Import regulations under FEMA require import payments to be made within 6 months. Due to the current Covid-19 pandemic, businesses are facing difficulty in settling import payments. Keeping in mind the overall situation, the Reserve Bank of India has extended the time period for settlement of import payables as a relief measure to importers and to enable compliance.

To view the note, please [click here.](#)

To read the circular, please [click here.](#)

### RECCURING COMPLIANCES UNDER FEMA

The Foreign Exchange Management Act, 1999 (FEMA) has followed a liberalized approach by permitting Indians to invest abroad and encouraged investors to invest in India through companies, LLPs, branch offices etc. in order to be able to monitor the entities on a regular basis, the Reserve Bank of India (RBI) has mandated certain compliances. This article covers broad recurring compliances prescribed under FEMA.

To view the detailed note, please [click here.](#)

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