

NEWSLETTER AUGUST, 2021

Dear Readers,

We have completed the Olympics 2020 in the year 2021, in a spectacle without spectators! These are different times indeed but what is important is that as humans we are doing all that is possible to achieve the most optimal outcome possible.

Reading about the Olympics brings about some interesting characteristics of the human experience. The feedback from those who made it to the podium shows that the ones that take home the Bronze are actually happier than those who take home the Silver. This is a quirk that confounds our rational approach to things.

A Silver medal in an absolute sense is better than a Bronze medal, so logically the Silver medalists should be happier. However, in a lot of sporting formats, the Silver is won in the final match, where the sports person loses that match to win the silver, while the Bronze is often won by winning the last match. Also, in other sporting formats like a race, the two people in front of the pack are fighting to come first, while it's the third and fourth in the pack that are fighting to just be able to get a medal and a chance at the podium. Bronze winners are happy to make the Podium as they are aware that if they were slightly slower, they may have been almost as good but would be fourth and without a medal.

We have seen during the last year and a half, people that have had severe illnesses and hospitalizations but have survived, have been grateful to be alive as they saw some others succumb to the virus. At the same time, some of those that did not have the illness but were quarantined at home for safety, may have lamented someone's vacation pictures on Instagram. Some businesses have made handsome profits and they may be looking at some of their competitors who moved earlier or had financing available and may be regretting their inability to fully replicate the success, while those that had almost written off their businesses but still managed to stay afloat are just happy to be around as the economy now opens up.

It is truly important to objectively see where you are and be grateful for the same, while ensuring that there is no complacency since what has been done well, can always be done better in the future.

**Regards,
Dinesh D. Ghalla**

DIRECT TAX

CURRENT YEAR CAPITAL GAINS ARISING OUT OF BUSINESS COULD BE SET OFF AGAINST BROUGHT FORWARD BUSINESS LOSS

Recently, Karantaka High Court held that capital gain income earned during a year can be set off against brought forward business loss, as such income had the attributes of business income. Thus, an analogy can be drawn that if an income has the characteristics of business income although taxable under any other heads of income can be set-off against the brought forward business loss.

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

INDIRECT TAX (GST)

QRMP SCHEME

The Central Board of Indirect Taxes & Customs (CBIC) introduced Quarterly Return Filing and Monthly Payment of Taxes (QRMP) scheme under Goods and Services Tax (GST) vide circular 143/13/2020- GST dated 10th November 2020. It allows the small taxpayers to file returns on a quarterly basis and make tax payments on a monthly basis with effect from 01.01.2021. Due to the introduction of the QRMP scheme, the taxpayer gets some relief from compliance burden though it's not reduced substantially as monthly payment and uploading of invoice via Invoice Furnish Facility (IFF) which is optional to be filed on monthly basis still required.

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

ITC CANNOT BE DENIED MERELY ON ACCOUNT OF NON-REFLECTION OF TRANSACTION IN GSTR 2A

Ever been punished for no fault of yours? Well, the honest GST taxpayers are being punished by the Government for non-compliance of the statute by the suppliers of these taxpayers. The harsh matching mechanism of Input Tax Credit in GSTR 2A leads to not only blocking of capital but also to loss of business.

To add insult to the injury, the technical glitches faced by taxpayers in the initial implementation of GST made the whole process more cumbersome.

The Hon'ble Kerala High Court and Madras High Court, in recent rulings on requirement of Input Tax Credit reconciliation with GSTR 2A, have awarded vital reliefs to unfortunate taxpayers.

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

CASE STUDY ANALYSIS FOR REGISTRATION REQUIRED FOR A MEDICAL STORE RUN BY A CHARITABLE TRUST AND MEDICINE SOLD AT LOWER RATE IS CONSIDERED AS SUPPLY.

The trusts are generally formed for charitable purpose so as to provide better services and reach to the under privileged. The nature of transactions undertaken by a trust has always been peculiar and so the taxability of such transactions. There is no blanket exemption provided to charitable trust under GST. To verify taxability under GST, each activity carried out by Trust is required to be analyzed.

In a writ filed by charitable Trust against the order passed by Gujarat Appellate Authority for Advance Ruling (GAAAR), the high court of Gujarat has upheld the order passed by GAAAR that sale of medicine is regarded as supply and the Charitable Trust is liable to be registered under GST even if medicines are provided at a lower rate.

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

AUDIT

CARO 2020- AN EVER INCREASING CONUNDRUM OF REPORTING OR A MOVE TOWARDS EARLY WARNING SIGNALS

The Companies (Auditors' Report) has been revised on 25th February, 2020. The new Order is applicable for audit reports issued by the statutory auditor from the reporting periods beginning from 1st April, 2021. While adding to transparency in the financial reporting, this will surely add to certain increased procedures for the companies and auditors alike.

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