

# Newsletter - March, 2020

MARCH, 2020



Dear Readers,

We hope you and your families are safe. The only discussions now a days is about the lockdown, number of Covid-19 cases and how we are going to beat this Novel Corona virus.

While you all must be home with your families, the “work from home” experiment has given a whole new angle to work-life balance! A lot of good information has been shared on how best to utilize the time we have at home and we hope you are using all those tips.

At the cost of repeating a few things, do take the time out to prepare or review your investments statements and your will. The degree of uncertainty about life and businesses seems extremely high right now and almost makes one want to not engage in any form of planning because of the near-term uncertainty.

We need to remember that this too shall pass and we will get back to life as we knew it, and there is a chance we may look back at these days fondly. However, it is important to not lose focus on why we are in a lockdown. The disease is virulent but because of the lockdown or other factors, it doesn't seem to have spread as much in India yet. We hope that trajectory continues.

However, the lockdown has its economic and human cost which we need to be aware of and do our bit to help. There are many NGOs that are attempting to support those in need and we need to support these NGOs. However, please be very mindful that there are a lot of fake NGOs out there who are trying to make quick money. Please do some diligence before supporting an NGO.

Here's hoping that we contain the disease and the human and economic cost of this by all of us doing our bit – either by staying home and keeping social distance or by supporting those that are helping the ones in need.

**Regards,**

**Dinesh D. Ghalla**

# DIRECT TAX

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## INSTANT PAN FACILITY

On 13th February 2020, the Income Tax department brings a facility for Instant PAN allotment in near to real-time which is available free of cost. This facility is based on Aadhaar. Individuals, not being minors with a valid Aadhaar number which is linked with their Mobile number can avail the PAN allotment facility.

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

## BUDGET-2020 - BURDEN OF INCREASED COMPLIANCE FOR CHARITABLE TRUST

The Finance Minister Mrs. Nirmala Sitharaman has proposed many amendments to the Income Tax Act through Finance Bill, 2020. In her budget speech, while acknowledging the important role played by the charitable institutions in the Society, she proposed various amendments effecting charitable institute stating that amendments proposed are for simplifying compliance for new and existing Trusts. However, if we see the proposals for amendments dealing with exemptions to Charitable Trusts, we find that the compliance burden of Trustees of Charitable Trusts will increase. These amendments are made effective from 1/06/2020. An attempt is made to highlight important amendments which are relevant to existing charitable Trust.

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

## REPORTING OF SIGNIFICANT TRANSACTIONS - RESPONSE ON COMPLIANCE PORTAL OF INCOME TAX

The e campaign of Compliance Portal by income tax department facilitates them to receive information from various sources related to the tax payer and ask their feedback. Transactions

which are reported by the department as significant are displayed to the taxpayer for feedback and for response.

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

## INDIRECT TAX (GST)

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### REVERSAL OF ITC AND ITS INTEREST LIABILITY

The credit of GST paid on the purchases like raw materials/services used for manufacturing or selling products is known as an Input tax credit (ITC). If the input tax credit is wrongly claimed, then it should be reversed by making payment to that extent of wrongly availed ITC. In certain situations, even if the basic conditions for claiming ITC is satisfied, ITC claimed must be reversed (e.g. Blocked Credits like health insurance, food & beverages expenses, etc.) Reversal of ITC means the credit of inputs, input service and capital goods utilized earlier would now be added to the output tax liability, effectively nullifying the credit claimed earlier. Depending upon when such reversal is done, payment of interest may also be required.

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

## FEMA

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### OVERSEAS DIRECT INVESTMENT BY RESIDENT INDIVIDUAL

As highlighted in our previous article, outbound investments by Indian have grown considerably in the recent years so as to widen customer base and have access to global markets. Indian entities were allowed to make such overseas investments within the permissible guidelines. In order to further provide flexibility to resident individuals, w.e.f. 5<sup>th</sup> August, 2013, RBI

permitted investment by resident individuals in overseas entities subject to terms and conditions as laid out briefly in this article.

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

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