

e-News Letter



# ICAI BHAWAN, PLOT NO- A/122/1

# NAYAPALLI, BHUBANESWAR – 751 012

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

**(Set up by an Act of Parliament)**

**BHUBANESWAR BRANCH (EIRC)**

MAY - 2020

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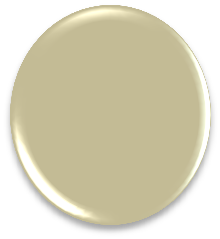
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***From Chairman’s Desk***

Dear Professional Colleagues,

Greetings

We are under unprecedented lockdown due to global pandemic COVID 19 - Corona Disease. I hope all of you are staying at home and taking due care for safety of your good self and loved ones.

The legacy of our profession and our alma mater is built on the strong foundations of contributions made by our members, as well as on the support of Government and other stakeholders. And therefore, the Institute will continue to add to its glory and create heritage.

My vision is to create opportunities for my professional colleagues, take up initiatives of public interest and national growth, and support our Government as a true partner-in-nation building.

During this pandemic the physical offices are converting into virtual offices and work from home and using the IT platform to accomplish our task is the need of hour. As all the physical activities are converting into a virtual activities the cyber security is the main threat and also the opportunities. We all should try to convert most of our work in virtual mode and also use of good firewalls and other cyber security measure to keep safe the data of our office and also our clients.

I would request all our members to participate the virtual activities and derive maximum benefit out of the programmes conducted by our branch. Any type of suggestions, grievances, participation is always welcome from all our members.

Thank you!

With Warm Regards

CA. Bibhu Prasad Mohapatra

Chairman

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ICAI

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| **Date** | **Descriptions** |
| 14-05-2020 | Advisory for Members, Students of the Institute of Chartered Accountants of India ICAI and Public at Large in respect of Fake Social Media Pages |
| 13-05-2020 | Physical Inventory Verification– Key Audit Considerations amid COVID-19 - |
| 11-05-2020 | Clarification on Fees from a Single Client. |
| 10-05-2020 | [Going Concern - Key Considerations for Auditors amid COVID-19](https://resource.cdn.icai.org/59473aasb48392.pdf) |
| 06-05-2020 | Advisory for Statutory Bank Branch Auditors w.r.t. Specific Considerations while conducting Distance Audit / Remote Audit / Online Audit of Bank Branch under current Covid-19 situation. |
| 05-05-2020 | Addendum to Guidance Note on Audit of Banks, 2020 Edition issued by the Auditing and Assurance Standards Board. |
| 01-05-2020 | Communication with the Retiring Auditor through E-mail. |
| 30-05-2020 | [Announcement on Changing Prospective Restoration to Retrospective Restoration](https://www.icai.org/new_post.html?post_id=16562&c_id=219) |
| 29-05-2020 | Further extensions regarding the validity of Peer Review Certificate in the wake of COVID -19 spurt across the country |
| 23-05-2020 | Subsequent Events - Key Audit Considerations amid COVID-19 |

INCOME TAX

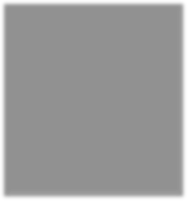
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| **Highlights** | **Notification No.** | **Date** |
| ITR Income Tax Return Forms 1 to 7 for AY 2020-21 notified | Notification No. 31/2020-Income Tax | 29/05/2020 |
| [CBDT notifies new Form 26AS [Annual Information Statement]](https://taxguru.in/income-tax/cbdt-notifies-form-26as-annual-information-statement.html) | Notification No. 30/2020-Income Tax/G.S.R. 329E | 28/05/2020 |
| Section 9A Remuneration to be paid to an eligible Fund Manager | Notification No. 29/2020-Income Tax [G.S.R. 315E] | 27/05/2020 |
| Section 1046 exemption to Uttarakhand Environment Protection & Pollution Control Board | Notification No. 28/2020-Income Tax [S.O. 1658E] | 27/05/2020 |
| [Section 1046 exemption to Cochin Special Economic Zone Authority](https://taxguru.in/income-tax/section-1046-exemption-to-cochin-special-economic-zone-authority.html) | Notification No. 27/2020-Income Tax [S.O. 1659E] | 27/05/2020 |
| [Section 1046 exemption to Kerala Cooperative Development and Welfare Fund Board](https://taxguru.in/income-tax/section-1046-exemption-kerala-cooperative-development-welfare-fund-board.html) | Notification No. 26/2020-Income Tax [S.O. 1563E] | 21/05/2020 |
| CBDT issues important directives on Safe Harbour Rules | Notification No. 25/2020-Income Tax/G.S.R. 304E | 20/05/2020 |
| [CBDT notifies Shri Ram Janmabhoomi TeerthKshetra U/s. 80G2b](https://taxguru.in/income-tax/cbdt-notifies-shri-ram-janmabhoomi-teerth-kshetra-section-80g2b.html) | Notification No. 24/2020-Income Tax / S.O. 1434E | 08/05/2020 |
| [Procedure for Amendment of Mutual Agreement Procedure notified](https://taxguru.in/income-tax/cbdt-amends-rule-44g-form-34f-application-give-effect-dtaa.html) | Notification No. 23/20020-Income Tax | 06/05/2020 |

GST (GOODS & SERVICES TAX)

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| **Highlight** | **Notification No.** | **Date** |
| Change in rate of VAT on Petrol & Diesel in Maharashtra WEF 01.06.2020 | Notification No. VAT-1520/CR-55/ Taxation-1 | 29/05/2020 |
| Clarification in respect of appeal in regard to non-constitution of Appellate Tribunal | Trade Circular No. 09T of 2020 | 26/05/2020 |
| MVAT: Guidelines for condonation of appeal, acceptance of form 314 & rectification of assessment order | Trade Circular No. 08 T of 2020. | 25/05/2020 |
| Sub-ordination of officers appointed under MGST Act, 2017- Reg | Notification No. GST-1020/C.R.15A/Taxation 1. EO No. 115 | 21/05/2020 |
| [Govt notifies Revisional Authority under section 108 of MGST Act](https://taxguru.in/goods-and-service-tax/govt-notifies-revisional-authority-section-108-mgst-act.html) | Notification No. GST-1020/C.R.15/Taxation 1. EO No. 115 | 21/05/2020 |
| Amendment in Section 140 of CGST Act notified wef 18.05.2020 | Notification No. 43/2020 – Central Tax [G.S.R. 299E.] | 16/05/2020 |
| MVAT: Guidelines for filing Appeal against assessment orders Passed manually | Trade Circular No.  07 T of 2020 | 15/05/2020 |
| CBIC to work on idea of people-less customs | D.O.No.14/CHIC/2020 | 11/05/2020 |
| CBIC clarifies on Issues related to IBC, GST ITC-04 & Supply to merchant exporter | Circular No. 138/08/2020-GST | 06/05/2020 |
| [Revised GSTR-3B Due dates for for UT of J&K, Ladakh notified](https://taxguru.in/goods-and-service-tax/revised-gstr-3b-due-dates-ut-jk-ladakh-notified.html) | Notification No. 42/2020–Central Tax [G.S.R. 276E] | 05/05/2020 |
| GST annual return filing date for FY 2018-19 extended till 30.09.2020 | Notification No. 41/2020–Central Tax [G.S.R. 275E] | 05/05/2020 |
| CBIC extends validity of e-way bills till 31.05.2020 | Notification No. 40/2020–Central Tax [G.S.R. 274E] | 05/05/2020 |
| New GST registration post appointment of IRP/RP by 30.06.2020 | Notification No. 39/2020–Central Tax [G.S.R. 273E] | 05/05/2020 |
| GSTR3B- Nil Return by SMS- Companies can file through EVC | Notification No. 38/2020–Central Tax [G.S.R. 272E] | 05/05/2020 |

Company Law

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| **Highlight** | **Notification No.** | **Date** |
| MCA includes ‘PM CARES Fund’ in CSR Schedule VII | Notification No. G.S.R. 313E | 26/05/2020 |
| Dispatch of notice by listed companies for rights issue- MCA clarifies | General Circular No. 21/2020 | 11/05/2020 |
| Consolidation of Recent Circulars by MCA | Consolidation of Circular |  |
| MCA clarifies on holding of Digital AGM through VC or OAVM | General Circular No. 20/2020 | 05/05/2020 |



**Covid 19 Lockdown:**

**Statutory Requirement To Pay Wages**

#### CA. Rishi Arora

The Indian Government initially issued a 21 days lockdown order for the entire country which started on 25th March, 2020 and then extended the nationwide lockdown to 3rd May, 2020. This has resulted in closure of all establishments except the ones which provide essential services. Many people are not able to work especially in the manufacturing sector. To protect the interest of the employees, the Ministry of Home Affairs issued an order on 29th March, 2020, an abstract of which is below:

"All the employers, be it in the Industry or in the shops and commercial establishments, shall make payment of wages of their workers, at their work places, on the due date, without any deduction, for the period their establishments are under closure during the lockdown“.

As we are heading towards the worst recession in the history of mankind, it is very important to understand whether there is any legal/ statutory requirement to pay wages to the workers, including permanent workers, contractual workers and inter-state migrant workers? The Government of India and almost all the State Governments have issued an advisory and have asked the employers to pay wages for the lockdown period not only to the permanent workers but also to temporary/ contractual workers and inter state migrant workers.

On humanitarian grounds, there should be no second thought in the mind of an employer to pay wages to employees during the lockdown period. However, whether they can or should incur the expenses as an obligation is a thing to ponder upon!

The Central Government, invoking the provisions of the Disaster Management Act, 2005 has declared a lockdown until 14th April, 2020. The State Governments invoking the provisions of Epidemic Diseases Act, 1897, have framed certain regulations and have issued certain directions/guidelines/communications. Through these communications governments have asked the employers to pay wages to all the workers.

It is important to understand that these communications neither comes within the framework of the Epidemic Diseases Act and Disaster management Act nor is backed by any statutory law. Government’s expectations from the employers look reasonable from a social point of view; but the provisions are harsh on them amidst the economic slowdown and a longer period lockdown.

Many employers have undertaken to pay their employees’ salaries in full while others are facing the heat amid the poor economic conditions and have already announced salary cuts, some have asked employees to leave, and others have asked their employees to go on furlough, the term for leave without pay. Obviously, MSMEs and SMEs are in a really tough spot. Aviation, media, hospitality, banking and financial services have been among the worst-hit sectors.

**Can the employer resort to Layoff provisions?**

As per provisions of Industrial Disputes Act, 1947, Layoffs are permitted due to lack of business requirement and 50% wages to the workers till such time that business recovers with approval from government. But, can the employer resort to this provision to get certain relief?

As per the definition of ‘Lay off’, if an employer is unable to provide employment to an employee due to a natural calamity or for any other connected reason, then the same would fall within the definition of “Lay off”. Section 25M of the Industrial Disputes Act, 1947, requires an industrial establishment with more than 100 workmen to seek prior permission. However, such permission is not mandated if the lay-off is due to a natural calamity.

**How to cope with the financial crisis due to COVID 19 lockdown?**

Financial crisis during the lockdown period is very much a possibility! This will result in inability to pay the wages and may be to the need of winding up the business. As per the provisions of Industrial Disputes Act, 1947, Retrenchment Compensation should be paid to workers with the approval from Government. However, as per the Government advisory, the employment should not be terminated. In case of the unavoidable circumstances, it is advisable to approach the adequate authorities to seek required permissions.

**Road Ahead:**

The Government of India would need to come up with a relief plan to incentivize the employers towards the wages paid by them during the lockdown perio . The plan can be linked to the ages paid by the employer for a month. Any such plan to incentivize or to provide subsidy to private employers’ especially to MSMEs’ and SMEs’ will help them to overcome the hardships and in some cases to avoid bankruptcy. A small step to allow the wage cost incurred by employers as CSR expenditure can support them in this tough time.

Most crucially, if, for any reason the lockdown gets extended by the Government, private employers should not be further asked to bear the burden of wage cost in an entirety as this will further stricken the conditions for them.

##### CA Rishi Arora

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