



AKOLA BRANCH OF WIRC OF ICAI



NEWSLETTER

**for the month of
JUNE 2020**

Torch Bearers Year 2020 - 21

The Institute of Chartered Accountant of India



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Chairman Message

Chairman's Communication....

Respected Seniors and my dear friends

We are staying at home since last approximately 70 days due to this rapid spread of COVID-19 and I hope every body is spending this time to learn from home and work from home as well as having this time to take care of your family members. The ICAI at Central Level, Regional Level, and also at Branch Level is organizing webinars on various topics concerned with our profession. Members should consider this lock down time as an opportunity to keep learning and update themselves. Keeping in mind the larger benefit of members and students. I would like to bring to your notice following Initiatives of ICAI....

1] ICAI for the first time ever, initiated delivery of Certificate courses in online mode (virtual live classes) which is assisting the members in anywhere learning.

2] Considering hardship caused due to restricted physical movement of papers, ICAI has allowed submission of all application forms by members till 30th June 2020 without any condonation fee if its effective date falls under March to May 2020.

3] For the Members whose Membership and COP got de-activated being unable to submit restoration application due to lockdown, process reopened even till 31st May 2020 for retrospective restoration.

4] Issued various guidance paper on Assurance and reporting requirements amidst COVID impact, like, use of electronic signature for signing audit reports and certificates and advisories for key audit considerations including 'Going Concern' and 'Physical Inventory Verification'.

5] Established the Centre for Audit Quality to equip our members and firms on various aspect related to Assurance

6] Initiated the process of "Virtual Firm Manual" to assist transformation of remote working by CA firms and reduce cost of their operations. Also launched DCMM 2.0, a self-assessment tool for CA Firms to gauge their Digital Readiness.

7] For mitigating the hardships being faced, ICAI extended the validity of Peer Review Certificate in certain conditions.

8] CPE Requirements: Now out of 20 hours Structured CPE hours which is mandatory to be completed by Members below 60 years holding COP, in each calendar year, 10 Structured CPE hours could be granted through online mode (either through Digital Learning Hub or through above Virtual CPE meetings including mandatory CPE hours on "Code of ethics" and "Standard on auditing") till 30th June, 2020.

Various steps and initiatives undertaken has been widely acknowledged and appreciated by one and all.. During this times Branch is also to come up with more Webinars & other Initiatives to ensure that members remain in-tune with the updates and can make the best of this time to sharpen their knowledge and skills base.

Till then I request all members to remain at home.

Stay Home. Stay Safe. Stay Updated. Stay Happy.

Thanks & Regards,
CA Jalaj R Baheti Chairman, Akola Branch of WIRC of ICAI



Editorial Message

CAPRASADDESHPANDE

This month of May has witnessed many challenges with us like Cyclones, Gas leakage, deaths of reel life heroes, heat waves, international border disputes and what not. The demon of COVID19 stands still in addition of all this. Both centre and states have eased lockdown with reopening of various establishments, running of trains and flights. With Akola being the most impacted district, we need to still stand strong.

At Every corner of the world, Government and central banks are giving fiscal and monetary measures to revive the economy in line with that Indian government has also announces a huge fiscal and monetary stimulus of Rs 20 trillion which is approx. 10% of Indian GDP. Moreover, again emphasis has been given to “**Atmanirbhar**” i.e. Consumption of MADE IN INDIA. But COVID-19 shall leave few permanent impacts such as preference to Self-Hygiene, Work & Learn from Home and Smaller & Fewer Public Gatherings.

Inspite of all these lockdowns the Ahmedabad branch has not left any stone unturned in terms of knowledge sharing. We have organized the Various webinars. I also request to all the members who are willing to contribute for newsletter on any topic can share the same with us

at caprasaddeshpande@gmail.com

STAY SAFE! STAY HELTHY!

BRIEF ABOUT PROFESSIONAL TAX

Professional tax (PT) is levied by the various State Governments of India on salaried individuals, working in government or non-government entities, or in practice of any profession, including Chartered Accountants, Doctors, Lawyers etc or carry out some form of business. This form of tax is in practice for a long time and States were conferred the power of levying the Tax under Clause (2) of Article 276. The Professional tax slabs & rate is fixed based on the Income Slab of an Individual. The maximum amount of PT that may be levied by any State in a Financial Year is Rs. 2500/-.

Professional Tax Enrolment & Registration:

The total amount of professional tax paid during the year is allowed as Deduction under the Income Tax Act. However, Individuals filing Income Tax Return under the New Tax System would have to forego deductions available on such payments.

Professional Tax is deducted by the employers for the salaried employees and same is deposited with the State Government. For others, they have to directly pay it to the Government or through the Local Bodies appointed to do so. The tax has to be collected and deposited as per the timeline provided by the respective State Government. In case, one fails to do so, penalty and late fee is applicable as per the Act.

Previous Year Professional Tax Rates 2019-20

The Tax may be paid to the Government on Monthly, Semi Annually or Annually basis depending on nature of business and the respective State Laws. Professional Tax Return needs to be filed at the end of the Financial Year.

FOR MAHARASHTRA STATE

Monthly Salary	Professional Tax Levied (Per Month)
Up To Rs. 7500/-	Nil
Rs. 7501 to Rs. 10000/-	Rs. 175
Above Rs. 10000/-	Rs. 200 (for 11 months) & Rs. 300 (For Last month)

@ Women earning Salary Upto Rs. 10000/- per month are exempted from Paying Professional Tax.

Exemption from Paying Professional Tax (As per the Act)

1. Any person suffering from a permanent physical disability (including blindness) depending on provisions of PT of the respective State.
2. Parents or guardian of any person who is suffering from mental retardation, if the PT Act provides provision for the same.
3. Persons who have completed the age of 65 years. Subject to exemption provided by respective State. (60 years in case of Karnataka)
4. Parents or guardians of a child suffering from a physical disability as specified in clause (C) w.e.f 1.10.1996, applicable as per State provisions.

TRADE CIRCULAR

No. ACST/GST-3/PT/late-fee exemption/2020/ Lockdown-2 Mumbai, Dt. 30/04/2020

Trade Circular No.6T of 2020

Exemption from payment of late fee u/s. 6(3) -

1. Kindly refer to Trade Circular no. 4T of 2020 dated 19/03/2020. By this circular the whole of the late fee payable by the registered employer in respect of monthly or annual returns pertaining to periods up to March 2020 was exempted due to technical difficulties faced by the tax payers subject to fulfilment of eligibility conditions.

2. As these technical difficulties are still continuing, it is proposed to extend the date of filing returns without payment of late fee.

3. Hence, considering above circumstances it has decided under the powers conferred by Notification No. PFT-2014/CR-38/taxation dated 21.08.2014 issued by the State Government on the proviso of section 6(3) of the Profession Tax Act, 1975 the whole of the late fee payable by the registered employer in respect of monthly or annual returns pertaining to any periods up to March 2020 and monthly period of April 2020, is exempted subject to fulfilment of eligibility conditions mentioned below:

4. Eligibility Conditions:-

- i) Any amount payable (tax + interest) as per return should have been/shall be paid on or before the filing of returns.

ii) The aforesaid employers should submit the returns pertaining to any periods up to April 2020 on or before 31 May 2020.

5. Needless to mention that no refund or adjustment against any tax liability shall be allowed where late fee has already been paid.

6. Revocation of Late fee exemption: If it is found that the employer has not fulfilled the conditions or has submitted false information to avail the benefit of exemption then, his exemption of late fee shall be revoked and action will be taken against him as per the provisions of law.



**Complied by:
CA Govind Bhala**

LLP : A brief overview

The origin of the concept of limited liability partnerships can be traced to the growth of limited liability business forms in United States. Louisiana was the first state to adopt the limited partnership concept. The first limited partnership act in the United States was adopted by New York in **1822** and was copied largely from the then-extant French statute. The key feature of limited liability after retaining the features of a partnership firm gave LLP a strong boost in the past as businesses were evolving at a great pace. The idea of severing negligence / misconduct of one partner from the others fascinated the world when the concept of LLP was introduced.

India was a bit late in adopting to this hybrid mode of business incorporation. The Limited Liability Partnership Act, 2008 was enacted by the Parliament of India to introduce and legally sanction the concept of LLP in India. It received the presidential assent on January 7, 2009 and was enforced from March 31, 2009.

Unlike the general partnerships in India, LLP is a body corporate and legal entity separate from its partners, have Perpetual succession and any change in the partners of a LLP shall not affect the existence, rights or liabilities of the LLP. LLP is a corporate business vehicle that enables professional expertise and entrepreneurial initiative to combine and operate in flexible, innovative and efficient manner, as a hybrid of companies & partnerships providing benefits of limited liability while allowing its members the flexibility for organizing their internal structure as a partnership. Salient features of LLP can be summarized as below:

- Separate Legal Entity- Continue its existence irrespective of changes in partners,
- LLP itself can enter into contracts and hold properties,
- Partners' Liability limited to the agreed contribution,
- Professional & Non-professional (Businessmen), both can set up LLP.

The Ministry of corporate Affairs (MCA) vide its Notification dated 18th September, 2018 introduced a revamped LLP-incorporation procedure which came into force from 2nd October, 2018. Form 1 is replaced by Web-service LLP-RUN. Form 2 for LLP incorporation is replaced by Form FiLLiP. An initial LLP agreement is to be filed within 30 days of incorporation of LLP. The user has to file the information in Form 3. Below is the list of requirements to incorporate the LLP:

- 2 individual designated partners are needed. However, there is no limit for maximum partners.
- Director Identification Number (upto 2 DIN's can be applied in the Form FiLLiP)
- Digital Signature Certificate (to be obtained for all designated partners)
- Unique Name
- Registered office location (address proof documents shall be needed)
- LLP Agreement

As compared to a company, LLP has lesser compliances. There are only two mandatory returns to be filed in case of the LLP. Below are the details for the same:

- Form 8 - The Statement of Accounts and Solvency (Due date October 30 of every year)
- Form 11 – Annual Return (Due date is 60 days from the end of financial year .i.e May 30 of every year)

Under the special circumstances this year, the due date for filing Form 11 has been extended to September 30, 2020. The due date for filing Form 8 continues to be the same and there is no extension notified for the same.

Unlike company, audit is not a default in case of LLP. Audit of accounts is compulsory if any of the below conditions is satisfied during the financial year:

- Turnover exceeds Rs. 40 lakhs in any financial year
- Contribution by partners exceed Rs. 25 lakhs.

It is also pertinent to note that internal audit is not mandatory for LLP's.

LLP shall maintain its proper books of account on double entry system of accounting; and shall be prepared either on Cash basis or Accrual basis. The LLP's are presently taxed at a flat rate of 30%. Status of LLP in the eyes of Income Tax Act, 1961 is unfortunately the same as of the partnership firm. Since LLP is not treated a corporate, the benefits given to corporates in the recent amendments have not been passed on to the LLP. We should expect corrective measures in this domain soon as the widening difference in the tax rates would implicate reduction in popularity of LLP in near future.



**Complied by:
CA Saket Rathi**

MSMEs- An Emerging Pillar of Indian Economy

What are MSMEs? What is the new definition of Micro, Small, and Medium Enterprises?

For a country to grow, the government should actively promote business enterprises. Among business enterprises, the Micro, Small and Medium Enterprises (MSME) deserve special attention. Though MSMEs are small investment enterprises, their contribution to the Indian economy is very significant.

Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which was notified on October 2, 2006, deals with the definition of MSMEs. The MSMED Act, 2006 defines the Micro, Small and Medium Enterprises based on

1. the investment in plant and machinery for those engaged in manufacturing or production, processing or preservation of **goods** and
2. the investment in equipment for enterprises engaged in providing or rendering of **services**.

Original Defenition of MSMEs (as per MSMED Act 2006):

Type of enterprise	Investment in Plant & Machinery	
	Manufacturing Industry	Service Industry
Micro	Upto 25 Lakhs	Upto 10 Lakhs
Small	25 Lakhs to 5 Crores	10 Lakhs to 2 Crores
Medium	5 Crores to 10 Crores	2 Crores to 5 Crores

New Defenition of MSMEs

As per the new definition of MSMEs announced in May 2020, the investment limit has been revised upwards and an additional criterion of turnover introduced. The distinction between manufacturing and services has been done away with. This was made under Atma-nirbhar Bharat Abhiyaan Economic Package to assuage India's economic predicament amidst the pandemic.

Composite Criteria: Investment and Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Service Industry	Investment up to Rs 1 crore and turnover up to Rs 5 crore.	Investment up to Rs 10 crore and turnover up to Rs 50 crore.	Investment of up to Rs 20 crore and turnover upto Rs 100 crore.

Now investments alone will no longer characterize MSMEs.

Registration Process

If any micro, small and medium industries want to start any business, they need to do the registration with MSME/Udyog Aadhar. This registration with MSME/Udyog Aadhar can be done in two ways online and offline. For online registration MSMEs will need to register their business on the 'Udyog Aadhaar Memorandum (UAM) portal'. This facility provides the business with a lot of benefits and subsidies.

A new as well as existing business can apply for MSME/Udyog Aadhar registration. Provided the existing unit is functioning and meets the threshold limits for registration. There is no expiry of the Udyog Aadhar Certificate. As long as the entity is ethical and financially healthy there will be no expiry of the certificate.

What are the activities specifically excluded from coverage under MSME?

Ministry of Micro, Small and Medium Enterprises (MSME) has clarified as per notification, activities that would be specifically not included in the manufacturing or production of commodities or rendering of services as per Section 7 of the said Act.

1. Forest and Logging
2. Fishing and aquaculture
3. Wholesale, retail trade and repair of motor vehicle and motorcycles
4. Wholesale trade except for motor vehicles and motorcycles.
5. Retail Trade Except of Motor Vehicles and motor cycles
6. Activities of households as employees for domestic personnel
7. Undifferentiated goods and services producing activities of private households for own
8. Activities of extraterritorial organisations and bodies

Crops, animal production, hunting and related activities would also not be included as per Section 7 of the Act except for the following activities:

1. Production of eggs
2. Operation of poultry hatcheries
3. Bee- keeping and production of honey and beeswax
4. Raising of silk worms, production of silk worm cocoons
5. Operation of agricultural irrigation equipment
6. Support activities for animal production
7. Preparation of crops of primary markets i.e. cleaning, trimming, grading disinfecting
8. Cotton ginning, cleaning and bailing
9. Preparation of tobacco leaves
10. Other post-harvest crop activities
11. Seed processing for propagation

Benefits available to MSMEs:

The Indian government has always been in favor of providing benefits to Micro, small and medium enterprises (MSMEs). There are many advantages of obtaining MSME registration in India, which can be only availed if the business had registered itself as an MSME under MSME Act. The following are a few advantages or obtaining MSME registration:

1. Financial Assistance: MSME loans come with great benefits for small businesses, like no collateral, fast processing cycle. Loans to MSMEs are categorized as Priority Lending Sector by RBI.
2. A hefty 50% subsidy on patent registration is given to the Enterprise that has the certificate of registration granted under MSME.
3. Enterprises registered under MSME are also eligible for a subsidy for Industrial Promotion as suggested by the Government.
4. Protection against Payments (Delayed Payments): In case, if any MSME registered enterprise supplies any goods or services to a buyer then the buyer is required to make the payment on or before the agreed date of payment or within 15 days from the day they had accepted the goods and services from MSME or SCI registered business(if there is no mention of the date of payment). If the buyer delays the payment for more than 45 days after accepting the products or services then the buyer has to pay compound interest along with interests (monthly) on the amount that was agreed to be paid. The interest rate is three times the rate that is notified by the Reserve Bank of India.
5. The registered MSME enterprises can claim the reimbursement of the expenses that were spent for the ISO certification.

6. Enterprises that have MSME Registration Certificate can avail Concession on electricity bill by making application to electricity department along with MSME Registration Certificate.
7. Enterprises that have MSME Registration have preference in procuring government tenders. Special treatment is given to MSME Registered organization while making application for government tenders.

COVID-19 relief for MSMEs:

Prime Minister Narendra Modi announced a ₹20-lakh crore economic relief package titled Atmanirbhar Bharat Abhiyan. The first tranche of this package aimed at micro, small and medium enterprises (MSMEs).

The government has proposed to offer collateral-free loans to MSMEs which will be fully guaranteed by the Centre. The loans will have a 4-year tenure, along with a moratorium on repayment for 12 months and the interest rate will be capped and there will be no guarantee fee.

All MSMEs with a turnover of up to ₹100 crore and with outstanding credit of up to ₹25 crore will be eligible to borrow up to 20% of their total outstanding credit as on February 29, 2020. These loans will have a four-year tenure and the scheme will be open until October 31. A total of ₹3-lakh crore has been allocated for this.

To provide stressed MSMEs with equity support, Government will also facilitate provision of Rs. 20,000 crore as subordinate debt. For the Subordinate debt for stressed MSMEs, promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit. Subordinated debt facility will aid 2 lakh stressed MSMEs.

All government bodies and central public sector enterprises would clear all MSME dues in 45 days.

Global tenders are to be banned up to Rs 200 crores in any of the government ventures. Foreign companies are a massive competition for the Indian MSMEs, and they often use unfair practices to procure projects in India. Indian MSMEs fall prey to such international companies. This prohibition will make a self-reliant India and, in turn, will also be able to serve 'Make in India' initiative come true.

MSMEs over the years have assumed greater significance in our national economy by contributing to employment generation and rural industrialization. This sector possesses enough potential and possibilities to pushbutton accelerated industrial growth in our developing economy and to support national programme like 'Make in India'. Appropriate strategies should be evolved for creation of an enabling ecosystem where these enterprises are able to access the benefits meant for themselves under a formal and friendly ecosystem and are further capable of meeting the emerging challenges of a globally competitive economy.



**Compiled by:
CA Shubham Mundada**

TDS Chart

Nature of Payment	Relevant Section	TDS rate effective till May 13, 2020	TDS rate effective from May 14, 2020
Receiving accumulated taxable part of PF	Section 192A	10%	10%
Interest received on securities	Section 193	10%	7.50%
Dividend received from Mutual funds and on company's shares	Section 194 and 194K	10%	7.50%
Interest other than Interest on Securities e.g. Fixed deposit interest	Section 194A	10%	7.50%
Winnings from lottery, crosswords or any sort of game	Section 194B	30%	30%
Winnings from horse races	Section 194BB	30%	30%
Insurance Commission received by an Individual	Section 194D	5%	3.75%
Life Insurance Policies not exempt under Section 10(10D)	Section 194DA	5%	3.75%
Commission or brokerage received except for Insurance Commission	Section 194H	5%	3.75%
Payment made while purchasing land or property	Section 194IA	1%	0.75%
Payment of rent by individual or HUF exceeding Rs. 50,000 per month	Section 194IB	5%	3.75%
Payment made to professional or commission or brokerage of more than Rs 50 lakh and above	194M	5%	3.75%
Cash withdrawal exceeding Rs 20 lakh or 1 crore as the case maybe	194N	2%	2%
Payment of Professional Fees etc.	194J	2%(FTS, certain royalties,call centre) 10%(others)	1.5%(FTS, certain royalties,call centre) 7.5%(others)
Payment in respect of deposits under National Savings Scheme	194EE	10%	7.50%
Rent for plant and machinery	194- I(a)	2%	1.50%
Rent for immovable property	194-I(b)	10%	7.50%

TDS rates effective from May 14, 2020

Photo Gallery



