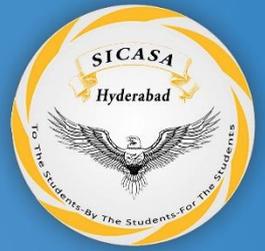
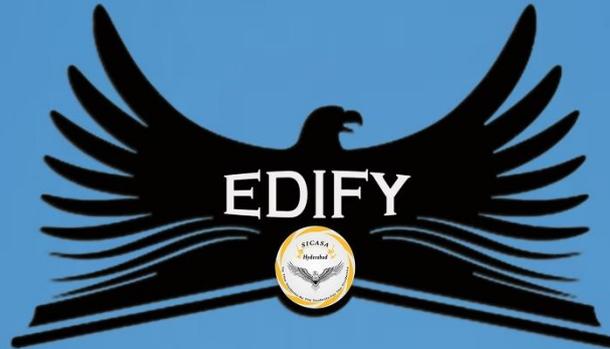




Hyderabad Branch of SIRC of ICAI
&
Hyderabad Branch of SICASA



E-NEWSLETTER



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BUDGET - 2021

A Comprehensive Guide

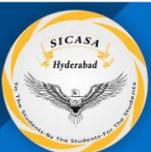


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Office Bearers of SICASA Hyderabad



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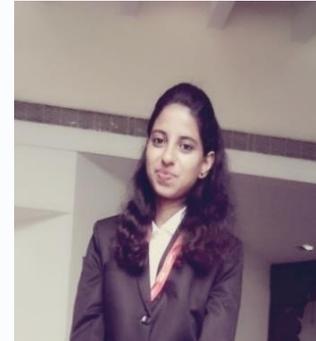
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Tech Mithra:

“Tech Mithra” is an initiative taken by SICASA Hyderabad to make CA Students familiar with the Technological Changes happening around the world and how those changes would impact our Profession way forward.

In this Modern Era, its very important to stay updated with the usage of Technology. Though many of us maybe strong in the fundamentals of subjects & Concepts but might lack the application knowledge due to unawareness of usage of things around in this digital times.

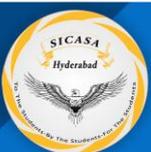
We SICASA Hyderabad are trying to bridge that gap and help the fellow students by publishing a series of Topics which are inter-related in a sequential manner such that student can learn the basics of the topics & their impact on us moving ahead in their career path.

After learning 1.Artificial Intelligence

2.Machine Learning

3.Deep Learning, this month we bring

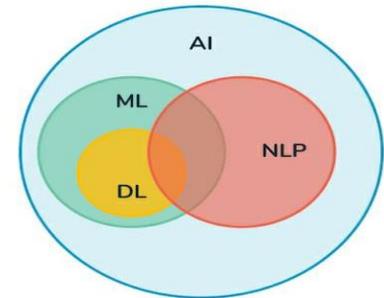
4.Natural Language Processing



Series: 4 - Natural Language Processing

Computers and machines are great at working with tabular data or spreadsheets. However, as human beings generally communicate in words and sentences, not in the form of tables. Much information that humans speak or write is unstructured. So it is not very clear for computers to interpret such. In natural language processing (NLP), the goal is to make computers understand the unstructured text and retrieve meaningful pieces of information from it.

NLP is a subfield of artificial intelligence (AI) that helps the computers to understand, interpret and manipulate human languages, with the potential to make interactions between computers and humans. NLP can be used to create a new intelligent system that can understand how humans understand and interpret language in different situations.



NLP technology can be leveraged for powerful results that impact how professionals shape the future of their industries, making us more intelligent and intuitive in the work we perform on a daily basis. NLP-based products and services provide value to professionals when it comes to unlocking insights from their data and saving time. NLP includes many different techniques for interpreting human language, ranging from statistical and machine learning methods to rules-based and algorithmic approaches. We need a broad array of approaches because the text- and voice-based data varies widely, as do the practical applications. NLP is separated in two different approaches,

Rule-based Natural Language Processing: It uses common sense reasoning for processing tasks. For instance, the freezing temperature can lead to death, or hot coffee can burn people's skin, along with other common sense reasoning tasks. However, this process can take much time, and it requires manual effort.

Statistical Natural Language Processing: It uses large amounts of data and tries to derive conclusions from it. Statistical Natural Language Processing uses machine learning algorithms to train NLP models. After successful training on large amounts of data, the trained model will have positive outcomes with deduction

What does Natural Language Processing do.?

NLP uses advanced technology to process and augment the knowledge of any subject-matter expert (SME), knowledge that until now has had to remain quite literally in their mind.

Traditionally, companies would have processed the information manually, but NLP now lets them apply pre-determined algorithms and rules to any of their experts' work, which means they can find anything they need. This lets companies handle their content & workflows more effectively. NLP also decreases the margin of error because professionals no longer have to rely on subjective experience. NLP-based solutions can highlight relevant pieces of text, extract key pieces of information, and cluster similar documents together, which improves employee productivity and access to insights.

NLP in Audit:

NLP could significantly empower the audit, as it would enable auditors to analyse unstructured data. Structured data (found in spreadsheets and ledgers) can already be comprehensively analysed using Data and analytics (D&A) and automated capabilities. But more than 80 % of data today is in unstructured formats such as contracts, emails, PDFs and other documents. A key problem is to develop digital assistants that can read this data and identify key information. Having a bot, for example, analyse the accuracy of one of those unstructured files. Another example is development of NLP capabilities to read emails. By using the processing power of intelligent machines, we can use correlation theory to extract data from unstructured sources.

Once the technology has been instructed on what to look for by the auditor, NLP could read emails and other documents to search and identify information (also utilising optical character recognition technology that can 'read' documents such as PDFs). The difference between the technology doing this and a person is scale – an NLP application could read thousands to millions of documents in a fraction of the time it would take a human to perform the same task.

The benefit of NLP capabilities when combined with robotic process automation (RPA) technologies can be monumental. The ability to analyse 100 percent of revenue or purchase transactions through RPA allows the auditor to make judgments about the areas of risk, as well as help in the identification of potential outliers and exceptions. This, by itself, does not complete the audit process. This is one critical step in the audit process; however, auditors also have to consider source documents (e.g. invoices) to determine if the reliability and relevance of the underlying data were supported by the facts. The role of an auditor vouching the details of a financial record to the source file has been a central principle of an auditor's procedures.

With advanced technologies reducing time and resources spent on repetitive tasks, auditors now have an opportunity to play a bigger role as a business advisor. They also need to keep a close eye on technological developments and upskill accordingly to truly benefit from such advancements.

Major applications of NLP that auditors can consider are:

Text classification:

Know-your-client ('KYC') is a standard procedure in the audit industry that verifies the identity of a client and potential risk in the business relationship. One step of KYC is to filter for any recent negative sentiments about key personnel in the firm. Traditionally, auditors need to look for the names of key personnel through search engines and inspect each result manually. A highly accurate text classification model (Currently, text classification models can achieve an accuracy higher than 90%) plays a key role in automating the process of filtering for negative news. Natural Language Processing can also process textual information in any language, which saves translation time for the auditor or reduces the cost of employing a professional translator.

Information retrieval:

Vouching, or examining documentary evidence to verify the accuracy and occurrence of a transaction, is a basic audit practice and probably also one of the most tedious ones. While such repetitive tasks do not require advanced audit skills, they are tedious and time-consuming. Now, with the capability of optical character recognition ('OCR') to convert hard copies into machine-readable formats and NLP to retrieve key information from documents, such as invoices and delivery orders, it is possible to automate the vouching task and free up auditors' time for higher value tasks. By automating information extraction and validation, NLP can not only boost audit efficiency but also eliminate human errors and increase the accuracy of data entry.

Natural language generation (NLG):

NLG is a subfield of NLP and usually relates to computer systems that can produce understandable texts in human languages. An application of NLG in audit is report generation. While most audit software provide a report-generating function, they still rely on a lot of human input. NLG can automate or partially automate these tasks.

Another application of NLG (though it might not directly relate to audit) is dynamic narrative generation for interactive dashboards. Nowadays, many audit firms choose to analyse and present audit and value-added results using business intelligence tools such as Tableau and Power BI. In such cases, NLG can help turn analysis of structured data behind charts & graphs into text for greater clarity. This function greatly increases convenience for users by helping them to better understand and utilise the analysis.

Natural language understanding (NLU):

We believe the ultimate role of an auditor is a business advisor who helps his/her client grow the business. To achieve this, an auditor needs both financial and non-financial knowledge, which require extra time and effort to find and analyse information related to the client's company and industry. An advanced application of NLP, NLU genuinely understands the meaning of the text. With such functionality, it can extract a large amount of information first, filter out and “feed” us content that really matters.

What is the impact on audit quality?

Natural Language Processing, working in combination with other new technologies, could have an important role in improving audit quality. The power of NLP, together with robotics, machine learning and, in time, deep learning will mean that an audit may become deeper and further-reaching than ever before, based on increasingly granular and sophisticated analysis of data. Combined with the integration of applications into flexible deployment in the cloud, any organisation is well placed to develop ever more powerful capabilities – helping drive consistency across the network and enhancing service to cross-border businesses.

Impact on future of workforce and workflows:

When professionals make critical decisions that impact their clients, for example a doctor giving a patient a diagnosis, NLP can provide suggestions that allows the doctor to make more informed decisions. This is what we often refer to as human-in-the loop solutions. Another example is with Cortana, Microsoft's voice assistant. We let tax professionals ask Cortana anything they wanted, entirely circumventing a web search. Companies that invest in their human expertise by integrating it with automated solutions drive better outcomes for their customers and employees. And at the end of the day, whether you're a doctor or lawyer or tax professional, you will always want to understand and sign off on the decision AI presents because you are responsible.

Conclusion:

NLP is a kind of artificial intelligence which has already made headway in augmenting our professional and personal lives. When applied to traditional professions, from healthcare to the legal and financial industries, NLP delivers actionable insights and impactful decision-making in everyday activities which enables our customers to deliver better outcomes.

NLP opens the door for higher productivity, faster turnaround times and overall improved quality in the professionals' work. As for the robot-replaces-human majorly – NLP will not replace the workforce, but it will require us to change how we do things.

Significant Direct Tax Proposals in Finance Bill,2021

The Finance Bill, 2021 has introduced a spate of proposals on business taxation ,personal taxation & international taxation as well as proposals relating to assessment and dispute resolution. The significant proposals on direct taxes are briefed hereunder -

➤ BUSINESS TAXATION

❖ **Expansion of scope of deduction under section 80-IBA and extension of outer time limit for obtaining approval :**

Under section 80-IBA, 100% deduction of the profits and gains derived from business of developing and building affordable housing project is allowable, subject to fulfilment of certain conditions specified therein. One of the conditions is that the project should be approved by the competent authority after the 1.6.2016 but on or before 31.3.2021.

Taking into consideration the interest of migrant labourers, this deduction proposed to be extended to rental housing project notified by the Central Government (CG), subject to such conditions as specified in the said notification. Moreover, the outer time limit for getting the approval is also proposed to be extended by one year i.e., upto 31.3.2022. The said time limit would be applicable for affordable rental housing project as well.

❖ **Safe harbour limit increased from 10% to 20% under section 43CA and 56(2)(x) for specified transfers to boost real estate sector :**

Section 43CA provides that where the value adopted or assessed or assessable by the authority for the purpose of payment of stamp duty does not exceed 110% of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration.

Likewise, section 56(2)(x), provides that where the assessee receives any immovable property for a consideration and the stamp duty value of such property exceeds 10% of the consideration or Rs.50,000, whichever is higher, the stamp duty value of such property as exceeds such consideration shall be charged to tax under the head "Income from other sources".

In order to uplift the real-estate sector and to help the real-estate developers liquidate their unsold inventory at a lower rate to home buyers, the safe harbour threshold of 10% under section 43CA is proposed to be increased to 20%, if -

- the transfer of residential unit takes place during the period from 12.11.2020 to 30.06.2021
- the transfer is by way of first time allotment of the residential unit to any person
- the consideration received or accruing as a result of such transfer does not exceed Rs. 2 crore.

Correspondingly, the safe harbour limit under section 56(2)(x) is also proposed to be increased from 10% to 20% in cases where transferor is subject to tax under section 43CA and conditions specified above are satisfied.

❖ Increase in threshold limit for tax audit in case of businesses receiving and making payments digitally or through account payee cheque/bank draft :

The threshold limit to get the books of accounts audited under section 44AB, for a person carrying on business is proposed to be increased from Rs. 5 crores to Rs. 10 crores rupees subject to the following existing conditions -

- (i) aggregate of all receipts in cash during the previous year does not exceed 5% of such receipt; and
- (ii) aggregate of all payments in cash during the previous year does not exceed 5% of such payment.

❖ LLP not eligible to opt for presumptive income provisions under Sec.44ADA :

Section 44ADA proposed to be amended to clarify that the presumptive taxation for professionals would apply to an assessee, being an individual, HUF or partnership firm, not being an LLP, being a resident in India engaged in a profession referred to in 44AA(1) and whose total gross receipts do not exceed Rs. 50 lakhs in a previous year. Consequently, LLPs would not be eligible to opt for presumptive income provisions under section 44ADA.

❖ Goodwill not eligible for depreciation :

In order to provide certainty, section 32 proposed to be amended to clarify that goodwill of a business or profession would not be considered as a depreciable asset and no depreciation would be allowed on goodwill.

However, in case depreciation is already being claimed by the assessee in relation to goodwill purchased by an assessee, the depreciation so claimed by the assessee shall be reduced from the amount of the purchase price of the goodwill and considered as cost of acquisition for the purpose of computation of capital gains under section 48.

❖ **Extension of date of incorporation for eligible start for deduction under section 80-IAC & for investment to avail capital gains exemption under section 54GB :**

The eligible start-up is required to be incorporated between 1.4.2016 and 31.3.2021 in order to be eligible for deduction under section 80-IAC. Individuals or HUFs can claim exemption under section 54GB from capital gain arising from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), if net consideration from transfer is utilised for subscription in the equity shares of an eligible start-up, before the due date of furnishing of return of income under section 139(1). This benefit is available only when the residential property is transferred on or before 31.3.2021.

To order to give a fillip to eligible start-ups, the outer time limit for incorporation is proposed to be extended from 31.3.2021 to 31.3.2022, for the purpose of deduction under section 80-IAC. Moreover, the outer date of transfer of residential property for availing capital gains exemption is also proposed to be extended from 31.3.2021 to 31.3.2022.

➤ **PERSONAL TAXATION**

❖ **Advance tax liability on dividend income :**

So far, interest under section 234C is not attracted where the shortfall in the advance tax instalment or the failure to pay the same on time is on account of income by way of capital gains, winnings from lotteries, casual incomes etc. This provision is to protect the taxpayers from payment of interest under section 234C in cases where accurate determination of advance tax liability is not possible due to the intrinsic nature of the income. Since dividend income also falls in the said category of income, the same is proposed to be included in the above list, so that the advance tax liability arises only in the installment(s) which fall subsequent to receipt of dividend. However, such dividend does not include deemed dividend under section 2(22)(e).

❖ **Extension of outer time limit for sanction of loan for availing deduction under section 80EEA :**

Deduction of up to Rs. 1,50,000 is allowed under section 80EEA to an individual, being a first time home buyer, in respect of interest on loan taken for a residential house property from any financial institution, subject to the condition *inter alia* that the loan has been sanctioned during the period 1.4.2019 and 31.03.2021. To further facilitate first time home buyers, the outer time limit for sanction of loan is proposed to be extended from 31.3.2021 to 31.3.2022.

❖ Exemption from filing return of income-tax to specified senior citizens :

New section 194P is proposed to be inserted to require specified banks to compute total income of specified senior citizens and deduct tax at source thereon, after giving effect to deductions under Chapter VI-A and rebate, if any, allowable u/s 87A. The provisions u/s 139 requiring filing return of income would not be applicable to such specified senior citizens. Specified senior citizens have been defined to mean an individual, resident in India,

- (i) who is of the age of 75 or more during the previous year;
- (ii) has pension income and no other income. However, in addition to such pension income he may also have interest income from the same bank (specified bank as notified by the Government) in which he is receiving his pension income;
- (iii) has furnished a declaration to the specified bank. The declaration shall be containing such particulars, in such form and verified in such manner, as may be prescribed.

❖ Taxability of proceeds of high premium Unit Linked Insurance Plan (ULIP) :

A cap of ` 2.5 lakh has been fixed on the annual premium of ULIP in respect of policies taken on or after 01.02.2021. Accordingly, if the annual premium exceeds Rs.2.50 lakhs in respect of such policies, exemption u/s 10(10D) in respect of maturity proceeds would not be available. Further, such ULIPs would be treated as a capital asset and where any amount is received by the unit holder from ULIP, profits and gains therefrom would be chargeable to tax as capital gains u/s 112A. However, the amount received on death shall continue to remain exempt without any limit on the annual premium.

❖ Taxability of Interest on Employees contribution to provident funds exceeding specified threshold :

Tax exemption for the interest income earned on the employees' contribution to various provident funds proposed to be restricted to annual contribution by an employee to the extent of ` 2.5 lakh. This restriction shall be applicable only for the contribution made on or after 01.04.2021.

➤ PROCEDURAL AND COMPLIANCE PROVISIONS

❖ Higher rate of TDS/TCS on persons not filing return of income :

New section 206AB is proposed to be inserted to deduct tax at higher rate of the following, on any sum or income or amount paid, or payable or credited, by a person to a specified person -

- twice the rate specified in the relevant provision of the Act; or
- twice the rate or rates in force; or
- the rate of 5%

However, this provision would not be applicable where the tax is required to be deducted under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the Income-tax Act, 1961.

Similarly, it is proposed to insert new section 206CCA to collect tax at source at higher of the following on any sum or amount received by a person from a specified person

- twice the rate specified in the relevant provision of the Act; or
- the rate of five percent.

If the provision of section 206AA or section 206CC regarding non furnishing of PAN is also applicable to such specified person, the tax shall be deducted at higher of the two rates provided in section 206AA and section 206AB or section 206CC and section 206CCA.

Specified person means a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted or collected, for which the time limit of filing return of income under section 139(1) has expired; and the aggregate of tax deducted at source and tax collected at source in his case is Rs. 50,000 or more in each of these two previous years. However, a non-resident who does not have a permanent establishment in India will not be a specified person.

❖ TDS on purchase of goods exceeding a specified threshold :

Tax is to be deducted under new section 194Q by a buyer responsible for paying to any resident for purchase of goods of the value or aggregate of such value in excess of Rs.50 lakhs in any previous year. The TDS provisions would be applicable only to a buyer whose turnover is more than Rs.10 crore during the financial year immediately preceding such financial year in which purchase is carried out. Tax is to be deducted at source @0.1% of such sum exceeding Rs.50 lakhs, at the time of crediting the amount or at the time of payment of such amount, whichever is earlier. In case of non-furnishing of PAN, tax @5% is required to be deducted at source.

❖ **Time limit for filing belated return and to revise original return reduced :**

The belated return u/s 139(4) and revised return u/s 139(5) can be filed on or before the end of the assessment year or before the completion of the assessment, whichever is earlier. In the faceless and jurisdiction-less assessment regime, the time taken to conduct and complete the assessment has greatly reduced. Therefore, it is proposed that the last date for filing of belated or revised returns of income, as the case may be, be reduced by three months.

❖ **Provision for Faceless Proceedings before the Income-tax Appellate Tribunal (ITAT) in a jurisdiction less manner :**

In order to provide transparent tax appellate mechanism, it is proposed to make the Income Tax Appellate Tribunal faceless and jurisdiction-less. A National Faceless Income-tax Appellate Tribunal Centre is to be established and all the communication between the Tribunal and the appellant is to be made electronically. Wherever personal hearing is needed, it shall be done through video-conferencing.

❖ **Income escaping assessment and search assessments :**

In order to reduce compliance burden, the time-limit for re-opening of assessment is being reduced to 3 years from the current 6 years from the end of the relevant assessment year. Re-opening up to 10 years is proposed to be allowed only if there is evidence of undisclosed income of ` 50 lakh or more for a year. Further, it is proposed to completely remove discretion in re-opening and henceforth re-opening shall be made only in cases flagged by system on the basis of data analytics, objection of C&AG and in search/survey cases. Further, in order to bring certainty in income tax proceedings at the earliest, it is also proposed to reduce the time limits for general assessment or processing of income tax return by three months and also for filing of returns.

➤ INTERNATIONAL TAXATION

❖ **Addressing mismatch in taxation of income from notified overseas retirement fund [Section 89A] :**

Proposed section 89A seeks to provide relief from double taxation due to mismatch of taxation on income from withdrawal of retirement benefit account maintained by a specified person in a notified country on account of the amount being taxable in the notified State on receipt basis while being taxable in India on accrual basis (*hereinafter referred to as "Specified Account"*). The details of the application of the provision are to be prescribed by the Central Government.

This amendment is proposed to take effect from 1st April, 2022 and will accordingly apply to assessment year 2022-23 and subsequent assessment years.

❖ **Rationalisation of the provision concerning withholding on payment made to Foreign Institutional Investors (FIIs) [Section 196D] :**

It is proposed to insert a proviso to 196D(1) to provide that in case of a payee to whom an agreement referred to in 90(1) or 90A(1) applies and such payee has furnished the tax residency certificate referred to in section 90(4) or section 90A(4) of the Act, then the tax shall be deducted at the rate of 20% or rate or rates of income-tax provided in such agreement for such income, whichever is lower.

This amendment is proposed to take effect from 1st April, 2021

❖ **Constitution of the Board for Advance Ruling :**

The Authority for Advance Rulings (AAR) is proposed to be substituted by the Board for Advance Ruling. The Board to consist of two members, each being officer not below the rank of Chief Commissioner of Income Tax, which will ensure continued functioning. This and other proposed changes are stated to impart greater efficiency, transparency and accountability.

These amendments are proposed to take effect from 1st April, 2021.

❖ **Proposed Rationalization of provisions of Equalization Levy :**

Proviso is proposed to be inserted in Section 163 (*Extent, commencement and application*) to clarify that consideration received or receivable for specified services and for e-commerce supply or services shall not include consideration taxable as royalty or fees

for technical services in India under the Income-tax Act read with the agreement notified by the Central Government under section 90 or section 90A of the Income-tax Act.

- Explanation in Section 164(cb) (*Definitions*) (*Certain Activities to constitute e-commerce supply or service*) is proposed to be inserted to define activities, such as acceptance of offer for sale, placing/acceptance of the purchase order, payment of consideration and supply of goods or provision of services , partly or wholly, taking place online to be considered as “online sale of goods” and “online provision of services”.
- Section 165A (*Charge of Equalization Levy*)(*Meaning of Consideration received or receivable inserted*) is proposed to be amended by inserting sub-section (3) to provide that consideration received or receivable from ecommerce supply or services shall include:

(i) consideration for sale of goods irrespective of whether the e-commerce operator owns the goods;

(ii) consideration for provision of services irrespective of whether service is provided or facilitated by the e-commerce operator

These amendments are proposed to take effect retrospectively from 1st April, 2020.

❖ **Section 10(50) is proposed to be amended to give effect to the above mentioned amendments.**

These amendments are proposed to take effect from Assessment year 2021-22 and subsequent assessment years.

❖ **Proposed insertion of definition of “Liable to tax” (Section 10(29A)) :**

It has been proposed to define Liable to tax in relation to a person, means that there is a liability of tax on such person under any law for the time being in force in any country, and shall include a case where subsequent to imposition of tax liability, an exemption has been provided.

These amendments are proposed to take effect from Assessment year 2021-22 and subsequent assessment years.

❖ **Proposed insertion of new section 206AB :**

TDS/TCS on non-filer at higher rates not applicable to non-resident who does not have permanent establishment in India.

➤ OTHER PROVISIONS :

❖ **Threshold limit of annual receipts of university or educational institution or hospital or institution for availing exemption enhanced :**

Section 10(23C)(iiiad) and (iii ae) provides exemption to university or educational institution or hospital or medical institution subject to the condition that the annual receipts of such university or educational institution or hospital or institution do not exceed the annual receipts of Rs. 1 crore. The threshold limit of annual receipts for the purpose of exemption under these sub-clauses of section 10(23C) is proposed to be increased from Rs. 1 crore to Rs. 5 crores. However , Rs.5 crores would be the aggregate limit for an assessee.

❖ **Constitution of Dispute Resolution Committee for small & medium taxpayers :**

In order to reduce litigation and to provide tax certainty to small and medium taxpayers, new section 245MA is proposed to be inserted providing for constitution of a Dispute Resolution Committee by the Central Government. A taxpayer having taxable income up to Rs.50 lakh and disputed income up to Rs.10 lakh shall be eligible to approach the Committee. For ensuring efficiency, transparency and accountability, the procedure of the Committee is proposed to be conducted in a faceless manner. Consequently, the Settlement Commission would be discontinued from 01.02.2021. However, the pending cases shall be decided by an Interim Board if opted by the applicant.

Significant Indirect Tax Proposals in Finance Bill,2021

The Finance Bill, 2021 has introduced a spate of proposals on making Changes in GST & Customs. The significant proposals on indirect taxes are briefed hereunder -

➤ Goods & Service Tax :

❖ Levy on Clubs, societies etc. :

A new clause (aa) in sub-section (1) of Section 7 of the CGST Act is being inserted, retrospectively with effect from the 1st July, 2017, so as to ensure levy of tax on activities or transactions involving supply of goods or services by any person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Consequent to the amendment in section 7 of the CGST Act paragraph 7 of Schedule II to the CGST Act is being omitted retrospectively, with effect from the 1st July, 2017.

The above clause tries to bring in two deeming fiction:

- the person and its members or constituents shall be deemed to be two separate persons
- supply of activities or transactions inter se shall be deemed to take place from one such person to another

Thus, the two deeming fiction read together tries to bring the person and its member transaction within the ambit of GST.

❖ ITC available after Supplier uploads detail in GSTR-1 :

A new clause (aa) to sub-section (2) of the section 16 of the CGST Act is being inserted to provide that input tax credit on invoice or debit note may be availed only when the details of such invoice or debit note have been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note.

Section 16 (the enabling provision for Input Tax Credit “ITC”) has been amended to provide for another condition. The new condition must also be fulfilled to avail the benefit of ITC, which reads as under:

The above amendment tries to bring a legal force to GSTR 2A / 2B (where all inward supplies purchased by a person are reflected electronically) details.

❖ No more GST Audit by professionals :

Section 35 and 44 has been amended to remove requirement of GST audit by professionals. The requirement for audited reconciliation has been replaced by a self certified reconciliation statement reconciling the value of supplies declared in the return furnished for the financial year, with the audited annual financial statement for every financial year electronically. Thus, every person required to file annual return would be required to file a self certified reconciliation of his as well.

❖ Interest payable on tax paid by Cash ledger only :

Section 50 of the CGST Act is being amended, retrospectively, to substitute the proviso to sub-section (1) so as to charge interest on net cash liability with effect from the 1st July, 2017.

❖ Amendments in provision relating to detention/confiscation of goods in transit :

- Section 74 of the CGST Act is being amended so as make seizure and confiscation of goods and conveyances in transit a separate proceeding from recovery of tax.
- Section 129 of the CGST Act is being amended to delink the proceedings under that section relating to detention, seizure and release of goods and conveyances in transit, from the proceedings under section 130 relating to confiscation of goods or conveyances and levy of penalty.
- Section 130 of the CGST Act is being amended to delink the proceedings under that section relating to confiscation of goods or conveyances and levy of penalty from the proceedings under section 129 relating to detention, seizure and release of goods and conveyances in transit.

❖ Liability shown in GSTR-1 liable for recovery without SCN :

An explanation to sub-section (12) of section 75 of the CGST Act is being inserted to clarify that “self-assessed tax” shall include the tax payable in respect of outward supplies, the details of which have been furnished under section 37, but not included in the return furnished under section 39.

❖ Scope of provisional attachment enhanced :

Section 83 of the CGST Act is being amended so as to provide that provisional attachment shall remain valid for the entire period starting from the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV till the expiry of a period of one year from the date of order made thereunder.

❖ Pre deposit required for appeal against detained goods in transit :

A proviso to sub-section (6) of section 107 of the CGST Act is being inserted to provide that no appeal shall be filed against an order made under sub-section (3) of section 129, unless a sum equal to twenty-five per cent. of penalty has been paid by the appellant.

❖ More power to call and use information :

Section 151 has been amended to replace the power to collect statistics with power to collect information.

The amended Section provides that Commissioner or any officer authorized by him direct any person to furnish information relating to any matter dealt with in connection with this Act. This is a very wide power and allows officer to call for any information like call records from telecommunication authority, detail of money transaction from banks in any account, construction records from Municipal bodies, records of transactions from any website, purchase details of its customers from any supplier etc.

Section 152 has been amended to allow use of such information so collected against a person after affording him an opportunity of being heard. Thus, information collected from different sources may be used to confirm and recover tax after affording reasonable opportunity of being heard to the person against whom such information is being used.

Section 168 of the CGST Act is being amended to enable the jurisdictional commissioner to exercise powers under section 151 to call for information.

❖ Refund on Zero Rated Supply – restricted :

Section 16 of IGST Act has been amended to limit the option of making export with payment of duty. The option is not made limited to notified class of goods or suppliers. Thus, in all cases refund shall be available to persons of tax paid on inward supplies. Also, this would take away the benefit of claiming refund of tax paid on capital goods by way of using such tax for payment of IGST and claiming refund of such IGST so paid.

Secondly, supply to SEZ units or developers shall qualify as Zero rated supply only when the same is made for authorised operations. Accordingly, the zero rated supply has now been reserved to the list of services used for authorised operations only.

Further, any person who has received refund but yet not received the payment against the export shall also be required to deposit the refund so received along with the applicable interest under section 50 of the CGST Act within 30 days after the expiry of the time limit prescribed under the FEMA, for receipt of foreign exchange remittances. Whether the provision shall be used to recover refunds so granted in past shall be seen in coming days.

➤ CUSTOMS :

❖ **IGCR amended to promote inbound job work :**

Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 [IGCR Rules] are being amended to provide the following facilities:

- a. to allow job-work of the materials (except gold and jewellery and other precious metals) imported under concessional rate of duty
- b. to allow 100% out-sourcing for manufacture of goods on job-work
- c. to allow imported capital goods that have been used for the specified purpose to be cleared on payment of differential duty, along with interest, on the depreciated value. The depreciation norms would be the same as applied to EOUs, as per Foreign Trade Policy.

❖ **Export goods on fake invoices penalized :**

Section 114AC has been inserted in Customs Act to provide that where any person has obtained any invoice by fraud, collusion, willful misstatement or suppression of facts to utilize input tax credit on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of such duty or tax, such person shall be liable for penalty not exceeding five times the refund claimed.

❖ **Introduction of Agriculture Infrastructure and Development Cess :**

An Agriculture Infrastructure and Development Cess (AIDC) has been proposed on import of specified goods. To ensure that imposition of cess does not lead to additional burden in most of these items on the consumer, the BCD rates has been lowered.

❖ **Imposition of AIDC & rate changes on Petrol and Diesel – Excise :**

An Agriculture Infrastructure and Development Cess (AIDC) as an additional duty of excise has been proposed on Petrol and High speed diesel vide Clause [116] of the Finance Bill, 2021. Consequent to imposition of AIDC, the Basic Excise Duty (BED) and Special Additional Excise Duty (SAED) on Petrol and High-speed diesel is being reduced so that consumer does not have to bear any additional burden on account of imposition of AIDC.

❖ **Review of levy of Social Welfare Surcharge on various items**

❖ **Miscellaneous changes have been brought in the provisions pertaining to Anti-Dumping Duty (ADD)/ Countervailing Duty (CVD)/ Safeguard Measures**

Concept of Tax Information Exchange Agreement in India with Tax Havens and Secrecy Jurisdictions.

There is a great and importance of Tax Information Exchange Agreement in India because as per section 90(1) of Income Tax Act, 1961, Government of India i.e. Central Government can enter into Double Taxation Avoidance Agreement with other countries so as to avoid double taxation of income in both the countries. The basic concept behind DTAA is to ensure that there should not be undue hardship in the hands of tax payers i.e. income earned in one country should not be taxed twice because of source and residence criteria in both countries and most importantly DTAA contains article usually article no. 26 which deals with Exchange of Tax Information which provides for various tax and financial information about the resident persons who have invested or have any significance financial presence in that territory to the other territory.

But what about other countries where there is no provision of income tax for taxing the income i.e. Tax haven Countries and Secrecy Jurisdictions.

Yes, there are many countries and territories which exist in the world where there is no provision of taxation like Bermuda, Bahamas, British Virgin Islands, Cayman Islands, and Argentina etc. In such cases DTAA are of no use as there is no double taxation as income will be taxable only in one country or territory. Also if there is no DTAA, there would be no exchange of Tax Information between the countries which results in tax evasion as person resident in one country can easily park their unaccounted money and wealth in other countries with which India has no DTAA, thereby leading to no exchange of Tax Information. Therefore the concept of TIEA's emerged so that India can easily have an access to sensitive information about their resident persons in other countries.

In order to ensure the proper implementation of domestic laws, countries like India are executing agreements (TIEAs) based on OECD Model Tax Information Exchange Agreement. The OECD, in 1998, in a report "Harmful Tax Competition: An Emerging Global Issue" identified "lack of effective exchange of information" as one of the key criterion in determining harmful tax practices. As a result of the OECD's Harmful Tax Practices Project, the OECD Global Forum Working Group was formed in 2001. The working group was entrusted with the task of developing a legal instrument that could be used to establish effective exchange of information.

India has taken proactive steps to combat the menace of illicit funds generated both as a result of tax evasion and corruption. Firstly, the government of India increased the cooperation with other countries by entering into tax treaties i.e. DTAA's and Tax Information Exchange Agreements and secondly laying down anti avoidance regime like section 94A in jurisdictions where there is a lack of effective exchange of information.

Accordingly, India has entered into TIEA's with certain countries like Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Jersey etc. The move is in line with the decision taken in G-20, which took up the issue of Tax Havens and Tax Evasions. In this way concept of TIEA's introduced in India. TIEA's proved to be a boon for Indian Tax Administration by providing sensitive financial information about the residents of India who has accumulated wealth outside India in these countries.



Pushp Kumar Sahu

CRO0553317

PERSONAL DATA PROTECTION BILL-2019

- The Personal Data Protection Bill, 2019 was introduced in the Lok Sabha on 11th December 2019.
- The Bill seeks to provide for protection of personal data of Individuals, And establishes a Data Protection Authority for the same.
- The Bill was referred to a joint Parliamentary Committee, Which is currently engaged in the process of public consultation.
- The Draft law is comprehensive piece of legislation that seeks to give of legislation that seeks to give individual greater control over “How Personal Data is Collected, Stored & Used.
- Once Passed, The law promises a huge improvement on current Indian Privacy law, which is both inadequate & improperly forced.

Ref – Mr. Puttaswamy case judgment on “Right To Privacy” By the Honorable Supreme Court. IS THE PERSONAL DATA PROTECTION BILL IMPORTANT.....??

As half of the world population have started using the internet for various purposes, the concern about data is very important. The Smartphone that we use has Artificial Intelligency that analyses us. It collects information about us from our habits to health issues, and usage of these Artificial Intelligence Technologies are inevitable in this 21st century. So, it is very important to protect the details of the individuals. Thus, countries around the world have started to pay attention to creating data-related laws and policies to protect people.

APPLICABILITY OF BILL :

The provisions of this Bill shall apply to all ‘entities’ (or data fiduciaries) that would process the ‘data’ (Personal/Sensitive Information) of Indian citizens that has been collected, shared, disclosed within the territory of India, where the processing of such data means storage, adaptation, retrieval, dissemination, erasure and includes profiling such data for analyzing the behavioural pattern of the Data Principals.

The entities that process data include companies, individual citizens, juristic entities, and the Government, described under the Bill as Data Fiduciary/ies. The Bill broadly categorizes Data into ‘Personal Data’ and ‘Sensitive Personal Data’.

PERSONAL DATA – Personal Data is any information that relates to an identified or identifiable living individual. Different pieces of information, which collected together can lead to the identification of a particular person.

SENSITIVE PERSONAL DATA –

Definition under the DPA: personal data consisting of information as to:

- (a) the racial or ethnic origin of the data subject;
- (b) his political opinions;
- (c) his religious beliefs or other beliefs of a similar nature;
- (d) whether he is a member of a trade union;
- (e) his physical or mental health or condition;
- (f) his sexual life;
- (g) the commission or alleged commission by him of any offence; or
- (h) any proceedings for any offence committed or alleged to have been committed by him, the disposal of such proceedings or the sentence of any court in such proceedings.

The Bill further empowers the Central Government to exempt any Data Processor in India which processes the Data of Data Principals located outside India pursuant to any contract entered into between any person located outside the territory of India including and/or any company incorporated outside the territory of India with any Data Processor incorporated under Indian law.

RIGHTS OF THE DATA PRINCIPAL :

The Bill grants a data principal the following rights:

- Right to obtain confirmation from the data fiduciary as to whether it is processing or has processed personal data of the data principal.
- Right to obtain from the data fiduciary the data principal's personal data being processed or that has been processed by the data fiduciary or any summary thereof.
- Right to obtain from the data fiduciary a brief summary of processing activities undertaken by the data fiduciary with respect to the personal data of the data principal;
- Right to access in one place the identities of the data fiduciaries with whom the personal data has been shared by any data fiduciary together with the categories of personal data shared with them.
- Right to correct inaccurate or misleading personal data.
- Right to complete the incomplete personal data.

- Right to update out of date personal data.
- Right to erase personal data which is no longer necessary for the purpose for which it was processed.

DATA PROTECTION AUTHORITY OF INDIA :

The Bill provides for the establishment of an Authority, whose duty shall be to protect the interests of data principals, prevent any misuse of personal data, ensure compliance with the provisions of the Bill and promote awareness of data protection. The duties of the Authority shall include monitoring and enforcing application of the Bill, taking action in response to personal data breach, promoting awareness and understanding of the risks, rules, safeguards and rights in respect of protection of personal data amongst data fiduciaries and data principals as well as receiving and inquiring complaints under the Bill.

The data fiduciary is required to prepare privacy by design policy containing:

- The managerial, organizational and business practices as well as technical systems designed to anticipate, identify and avoid harm to the data principal.
- The obligations of data fiduciaries.
- The technology used in the processing of personal data that is in accordance with commercially accepted or certified standards.
- The legitimate interests of businesses including any innovation achieved without compromising privacy interests.
- The protection of privacy throughout processing from the point of collection to deletion of personal data.
- The processing of personal data in a transparent manner.
- The interest of the data principal that is accounted for at every stage of processing of personal data.

The data fiduciary should submit the privacy by design policy to the Authority for certification, and such certified policy should be published on the website of the data fiduciary and the Authority. The data fiduciary shall notify the Authority of any breach of personal data processed by it, where such breach is likely to cause harm to any data.

Sensitive personal data & Critical personal data are required to be stored in India. Sensitive personal data is permitted to be transferred outside India only in certain cases (Example:- Where the transfer is made pursuant to a contract or scheme approved by the Data Protection authority or Central Government has allowed the transfer to Country or Entity or Class of entity subject to satisfaction of certain conditions or where the Data Protection Authority has allowed such transfer for a specific purpose). Provided that such data continues to be stored in India & explicit consent has been obtained in this regard from the data principal.

MAINTAINANCE OF RECORDS – SEC-28

- The significant data fiduciary shall maintain accurate and up-to-date records of the following, in such form and manner as may be specified by regulations:-
- Important operations in the data life-cycle including collection, transfers, and erasure of personal data to demonstrate compliance as required under section 10 (Accountability of data fiduciary)
 - Periodic review of security safeguards under section 24 (Security Safeguards)
 - Data protection impact assessments under section 27 (Data Protection Impact Assessments) and
 - Any other aspect of processing as may be specified by regulations

Notwithstanding anything contained in this Act, this section shall also apply to the State.

Every social media intermediary which is notified as a significant data fiduciary

AUDIT OF DATA POLICIES-(SECTION-29) :

The significant data fiduciary shall have its policies and the conduct of its processing of personal data audited annually by an independent data auditor under this Act.

1. The data auditor shall evaluate the compliance of the data fiduciary with the provisions of this Act, including
 - Clarity and effectiveness of notices under section 7 (Requirement of notice for collection or processing of personal data).

- Effectiveness of measures adopted under section 22 (Privacy by design policy).
 - Transparency in relation to processing activities under section 23 (Transparency in processing of personal data).
 - Security safeguards adopted pursuant to section 24 (Security safeguards).
 - Instances of personal data breach and response of the data fiduciary, including the promptness of notice to the Authority under section 25 (Reporting of personal data breach)
2. Timely implementation of processes and effective adherence to obligations under sub-section (3) of section 28 (Maintenance of records). and
 3. Any other matter as may be specified by regulations.
 4. The Authority shall specify, by regulations, the form and procedure for conducting audits under this section.
 5. The Authority shall register in such manner, the persons with expertise in the area of information technology, computer systems, data science, data protection or privacy, possessing such qualifications, experience and eligibility having regard to factors such as independence, integrity and ability, as it may be specified by regulations, as data auditors under this Act.
 6. A data auditor may assign a rating in the form of a data trust score to the data fiduciary pursuant to a data audit conducted under this section.
 7. The Authority shall, by regulations, specify the criteria for assigning a rating in the form of a data trust score having regard to the factors mentioned in sub-section (2).
 8. Notwithstanding anything contained in sub-section (1), where the Authority is of the view that the data fiduciary is processing personal data in such manner that is likely to cause harm to a data principal, the Authority may direct the data fiduciary to conduct an audit and shall appoint a data auditor for that purpose.

PENALTIES AND COMPENASATION :

The Authority shall appoint adjudicating officers for the purpose of adjudging penalties or awarding compensation. The Bill imposes heavy penalties on the data fiduciary for contravention of its provisions, for instance, processing of personal data in violation of the Bill shall attract a penalty which may extend up to INR 15 Crore or 4% of its total Global Turnover of the preceding financial year, whichever is higher. The penalty shall be imposed after conducting an inquiry.

Any data principal who has suffered harm as a result of any violation of any provision of the Bill or rules or regulations made thereunder, by a data fiduciary or a data processor, shall have the right to seek compensation from such data fiduciary or the data processor. A data processor shall be liable only where it has acted outside or contrary to the instructions of the data fiduciary, or where the data processor is found to have acted in a negligent manner, or where the data processor has not incorporated adequate security safeguards, or where it has violated any provisions of the Bill expressly applicable to it.

CONCLUSION

Pursuant to the Personal Data Protection Bill being enacted into an Act, there are several compliances to be followed by organizations processing personal data in order to ensure protection of privacy of individuals relating to their Personal Data.

Consent of the individual would be required for processing of personal data. Based on the type of personal data being processed, organizations will have to review and update data protection policies, codes to ensure these are consistent with the revised principles such as update their internal breach notification procedures, implement appropriate technical and organizational measures to prevent misuse of data, Data Protection Officer to be appointed by the Significant Data Fiduciary, and instituting grievance redressal mechanisms to address complaints by individuals.



Doddanagouda A Patil

SRO067021

Creative Corner

Art Work's:



Aakanksha yadav

SRO0584334



Megha Agarwal

CRO0581105

Poem's

అందరికీ వినపడేలా,
కనపడేలా ఏడవడం దగ్గర నుండి
ఎవరికీ వినపడకుండా, కనపడకుండా ఏడ్చేవరకు
ఎదిగాం

చెంపల మీద నుండి కారే కన్నీటి రోజుల నుండి,
ఆ కన్నీటిని గుండెల్లో దాచే రోజు వరకు వచ్చాం...

మన చుట్టాలు చుట్టుప్రక్కల వాళ్ళు ఇంకా
చదువుతున్నవా అని అడిగించుకునే దగ్గర నుండి మా
వాడు CA అని వాళ్ల నోటితోనే చెప్పుకునేవరకూ
వచ్చాం...

అన్నింటికంటే మించి,
మనం ఫెయిల్ అయినప్పుడు మన తల్లిదండ్రుల కళ్ళు
బాధతో తడిసే దగ్గర నుండి పాస్ అయ్యాక
సంతోషంతో తడిసేదాకా తీసికొచ్చాం...

 SriNivas

Srinivas

SRO0467666

Invitation:

SICASA Hyderabad inviting articles for **E-Newsletter : Edify** for the month of **March,2021**. All the Students who wants to get featured can submit your Articles, Art-Works, Poems, Short-Stories etc. which are related to Chartered Accountancy curriculum for our further newsletters.

Topics :

1. Incorporation of Companies- A Practical Approach
2. QRMP Scheme under GST
3. Any other related to CA Curriculum

Send us your works on : sicasahydnewsletter@gmail.com

Last date of Submission : 10th March,2021

Rules:

1. No word Limit but Articles shall be confined to Topic's Opted.
2. No Plagiarism Allowed, Content sent should be Original.
3. Send your Work to the mail allowing with the following attachments :
 - a) Your Work
 - b) Full Name along with Student Registration Number & Firm Name
 - c) Passport Photo
 - d) Contact Details
 - e) Subject of email must contain the Details of your work (Eg. Article/Art-work etc)