APK
FORUM
FOSTERING KNOWLEDGE

Achromic Point Knowledge Forum

Issue #2
May 2020

eMagazine
Annual Subscription-₹1200 | $50

PREPARING FOR THE NEW NORMAL POST COVID-19 – A GRC PERSPECTIVE

Harish Dua
Advisor-Internal Audit, IASB (ICAI)

Amending State Excise laws to enable online alcohol delivery and boost State revenues – a step towards fiscal federalism in the post- COVID19 world?

SUDIPTA BHATTACHARJEE
Partner, Tax Controversy Management and Contract Documentation
Advaita Legal

NEW NORMAL

BY THE **PROFESSIONALS** FOR THE **PROFESSIONALS**

Achromic Point Consulting has laid the foundation stone of a knowledge sharing platform by the name of Achromic Point Knowledge Forum or APK Forum on its decade anniversary to further reinforce our mission of being a Leader in Knowledge Dissemination Space. APK Forum is an alliance between professionals and encompasses the breadth and diversity of the varied businesses including consultants, professionals, corporate houses and business owners.

Being a diverse group of members which vary in size of business to different service and product offerings which cover areas of Compliance, Risk, Leadership Development, Sales and Marketing, Finance, Technology, It acts as a catalyst for experienced professionals, corporate, individuals to speak with a unified voice on key issues affecting the profession and collaboratively for the members in ways that a member firm/corporate cannot do individually.

APK forum aims to establish and promote the best practices to establish operating standards and procedures, thereby promoting better client services along with promoting ongoing education and learning by providing a forum for exchange of ideas, helping firm managers and executives to understand developments both externally and within the profession and to capitalize on new opportunities. It provides an opportunity for firm leaders to gather and discuss issues of common interest. The discussions are focused on firm management to enable them to maximize their firms' business success through developing alliances, partnerships, and other relationships.

PREPARING FOR THE

NEW NORMAL POST COVID19

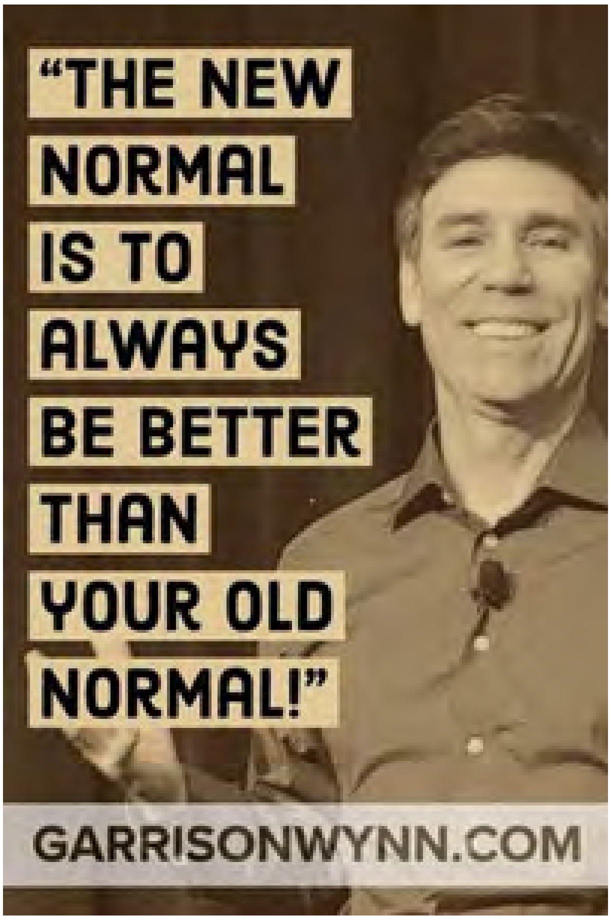
A GRC PERSPECTIVE

> "We are living in **extraordinary times**"!
>
> "**Extraordinary** times require **extraordinary measures**"!

New clichés for a new era! An era where Governance, Risk and Compliance (GRC) takes on a whole new dimension. This article seeks to help the GRC Expert prepare for the upcoming new GRC era.

It seems most of us were caught quite ill-prepared for Covid-19. Many are terming this as a "black swan" event for risk management purposes. But it is much more than that. It's really a mega-catastrophe of unprecedented and global proportions. It's actually a trigger (or cause), of many other risk events. The reason for making this distinction is to ensure that the response prepared to deal with Covid19 is not like any risk mitigation exercise, but something of extraordinary and unprecedented proportions. Yes, life has changed forever, perhaps permanently in some respects, and we need to get prepared for the new normal!

But before we draw up the new plans, we need to get a better grasp of the "new normal". And the million-dollar question is "what is this new normal in this post-Covid era"? Well a lot depends on when do we see an end to this epidemic, and will that translate back to a life similar to pre-Covid? Maybe life has changed so dramatically that we will remain at permanent risk of "instant infection"! Some studies in the USA are already talking about another 18-24 months of Covid-19. And most indications are that life will never be the same again. And in many respects, it should NOT be the same! This crisis, in fact, presents a great opportunity to



become much better than the old normal! And it's time we start to plan for that.

Before we prepare our Action Plan, we need to:

1. Get a grasp of the mega transformations underway and which are anticipated to shape our future.
2. From this foresight, prepare an outline of what we see as the "new normal".

Outcome of these two steps can be summarised in the table below (indicative list only).

SNo	Mega Transformations	Anticipated New Normal
1	Pandemics is here to stay and will result in loss of lives through rapid spread of the infectious diseases.	Physical distancing and continuous monitoring of suspected individuals for quarantine (till immunisation).
2	End to free movement and gathering of large number of people in confined spaces.	Curtailment of mass-travel and the movement of people limited to essential needs/services.
3	Sharp downturn in economic activity for a significant amount of time with extra focus on conservation of cash/savings.	Change in consumption and spend pattern to impact both industrial and service sector (with sharp decline in capital investments).
4	Health and Safety of people will take centre-stage and top-priority.	New WFH (Work from Home) and HSE (Health, Safety and Environment) related modifications at work-place.
5	Distinction between essential /non-essential products and services.	Reconfiguration of supply/demand equation of all products and services (Life Vs. Lifestyle).
6	Heightened dependency on the Digital world (including the Telecom infra, Mobiles, Internet, IT Networks and applications).	Digital connectivity to replace significant amount of physical connectivity (Video Calls, Webinars etc.).
7	Greater recognition of Manpower, skills and knowledge for essential services/products (e.g., Medicine / healthcare /food, etc.) and vice-versa.	Change in supply/demand for workers and professionals depending upon nature of products and services (new employment construct, e.g., gig workers).
8	Complete transformation of business models, value chain and supply chain of products/services.	Liquidation of old unviable global businesses and emergence of start-ups catering to the new localised business environment.
9	Reluctance of rural workers to migrate to urban areas for work and livelihood.	Recalibration of people dependency to run business and operations (faster and more automation).
10	More respect (and less abuse) of nature and environment.	Greater demand for organic and pure products.

Since each organisation will have its own level of impact from these transformations, it's "new normal" will vary from others (one size does not fit all). Hence, its own response plans will have to be tailored accordingly. Nevertheless, the following list may act as a guide from a GRC perspective.

GRC PREPARATORY STEPS FOR THE NEW NORMAL

SHORT-TERM: IMMEDIATE PRIORITY AREAS

1. Post impact analysis, every function to develop its DRP (Disaster Recovery Plans) and BCP (Business Continuity Plans) for the new normal and ensure its seamless synergy with other functional plans.
2. The organisation to develop a robust lock-down exit strategy (with inputs from all functions) supported with detailed action plans, well suited to address the health & safety concerns of people (employee and customers alike) and the new government regulations.
3. Communication strategy and protocols to be formulated for all key stakeholders, from Board of Directors to all internal and external constituents, especially those with whom physical interaction is required, and establish new interaction norms.
4. For manufacturing companies, the physical movement of raw material and finished goods and supply chain issues need to be redesigned in collaboration

with business partners (customers/suppliers/vendors).

5. The Risk Management group to revisit all its risks, identifying new emerging risks and develop new mitigation plans to address them.
6. The Audit team to recalibrate its quarterly audit plan and defer some audits where physical presence/travel is required and add new risk areas like WFH, cybersecurity etc.
7. The Secretarial/Legal group to re-evaluate the priority of those compliances which impact the safety/security of employees or risk the closure of operations in case of pandemic outbreak.

MID-TERM: PRIORITY AREAS FOR NEXT THREE MONTHS

1. Help the company enhance its own essential services (Revenue/billing, customer service, Working Capital/Cash flow, etc.).
2. Evaluate the current business and economic models (e.g., B2B/B2C) for future viability and consider changes to make them more aligned to the new normal.
3. Assess the current business operations, processes and internal controls for realignment to the new model and consider automation and IT deployment to make them more efficient and effective (simplify/streamline), including retooling and automation of audit techniques (e.g. Data Analytics).
4. Help develop transition plans to shift the direction of the company from past to the new normal (e.g., Connectivity, digitisation, process automation, etc.)

LONG -TERM: PRIORITY AREAS FOR REMAINDER OF YEAR

1. Revisit long-term strategy and evaluate business portfolios, consider exiting some current, and entry into some new, businesses/services.
2. Incorporate sustainability needs with greater respect for nature and environment.

The GRC expert has to assume a leadership role in all GRC related matters and apply his expertise to help the organisation achieve it's new (modified) objectives.

Shifting gears from "Reporting" to "Driving Result Oriented Change" is the need of the hour. The immediate call is for the "Assurance Provider" to act as a "Trusted Advisor" since assurance may not be the priority area, especially where business is severely impacted.

But the most critical element of staying relevant is "Communication" – this is the only way to establish the need and the required actions! Otherwise, there is always the danger that the GRC expert may get classified as a "non-essential service" in the new normal!

Harish Dua
Advisor-Internal Audit, IASB (ICAI)

AMENDING STATE EXCISE LAWS TO ENABLE ONLINE ALCOHOL DELIVERY AND BOOST STATE REVENUES

a step towards fiscal federalism in the post- COVID-19 world?

Advaita Legal has been awarded the "India Tax Disputes and Litigation Firm of the year, 2019-20" by International Tax Review (ITR) in their 'Asia Tax Awards 2019-20'. Advaita has also been recognized as a leading law firm in Tax and International Trade/WTO by reputed international directories like Legal 500, Chambers & Partners, RSG India Report as well as India Business Law Journal

The term "Fiscal Federalism" was introduced by the German-born American economist Richard Musgrave in 1959. In India, fiscal federalism has often been referred to the division in powers of the central government and the state government to make laws on fiscal issues for generation of revenue.

The 7th schedule of the Constitution based on Art. 246 of the Constitution clearly lays down the subjects for the Union List, the Concurrent list and the State List with the exception that each will respect so to say the territorial limits of the other. Since independence, the dynamics of the power to generate revenue between the center and the states have undergone numerous changes. Specifically, there have been three landmark changes in union-state fiscal relations since 2015-16, namely:

i. the abolition of the Planning Commission in January 2015 and the subsequent creation of the NITI Aayog;

ii. fundamental changes in the system of revenue transfers from the center to the states by providing higher tax devolution to the states from the fiscal year 2015-16 onwards based on the recommendations of the Fourteenth Finance Commission (14th FC); and

iii. the Constitutional amendment to introduce the Goods and Services Tax (GST) and the establishment of the GST Council for the central and state governments to deliberate and jointly take decisions.

Post introduction of GST and abolition of Value Added Tax, the States have lost their largest independent source of revenue. Further on account of the present situation where the entire country is at a standstill due to the lockdown imposed for containing the spread of COVID-19, the revenue coffers of the States have further depleted at a time when it is needed the most. Hence, it seems worthwhile for the states to ponder on evolving new strategies to tap on their largest sources of revenue, i.e. state excise as leviable on alcoholic beverages, taxes on tobacco and petroleum products. For most of the states where sale of alcoholic beverages is permitted, State excise collection forms a major chunk of its revenue.

Recently, the Central Government in the third phase of the lockdown (post May 3, 2020) has permitted the sale of alcohol and tobacco products in areas other than the containment zones with necessary precautions and observance of social distancing norms. The sale of alcohol in its traditional form, i.e. from the wine shops and the retail outlets, however, poses a greater health risk. It is high time that the States derive inspiration from e-commerce models and at least to test the waters, take necessary measures to enable online sale and home delivery of alcohol.

As reported in Times of India on April 13, 2020, liquor companies through various associations have petitioned the central and state governments to allow online sale as well as on-call purchase of alcohol, as the lockdown has hit the business and also led to a depletion in the revenue of the State.

Denial of freedom of purchase, loss of business, expiry of existing stock, impact on employment are few of the arguments cited in support of allowing online and on-call sale of alcohol. On the contrary, an article published in THE WIRE on May 01, 2020 highlights concerns regarding the impact of such online sale on the health of the people and its negative impact on the efforts for containment of COVID-19 in light of the health guidelines issued now and then by the

1 Read more at: http://timesofindia.indiatimes.com/articleshow/75117063.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

World Health Organization. Earlier attempts of government to introduce online sale of alcohol, for example, in the States of Maharashtra and Karnataka, on account of these discussions and variation in views were met with huge resistance from the public in general and the few specific segments, in particular.

However, this discussion is of greater relevance today, when we have a larger threat to counter. A clue to implement online delivery in the present scenario, at least on a pilot basis can be taken from the effective role played by the e-commerce companies to counter the spread of COVID-19 through contact less delivery of essential goods and commodities to doorstep of the customers, thus keeping them off the roads. In addition, other benefits such as reduction in drink and drive cases, end to end tracking of alcohol leading to reduction in evasion of excise duty, reduction in counterfeits, etc. could also be considered to justify the online sale of alcohol if the positive results are drawn from the pilot projects. Therefore, it would be worthwhile for the States to examine the existing excise laws and carry out specific amendments to enable the online sale of alcohol.

In this regard, the following aspects in the State Excise/Prohibition laws will need re-consideration (and amendments):

i. **Possession limits by an individual for self-consumption** – This would be relevant in determining the size of the order and the possession limit of a delivery agent

ii. **Licenses required** for carrying alcohol over and above the possession limit – the Excise laws may need to introduce specific permits in this regard.

iii. **Unlawful transport and possession of liquor** – States like Maharashtra does not permit purchase of liquor without a license even within the permitted possession limits. So, any attempt to deliver alcohol may be unlawful as the licenses are available only for self-consumption.

iv. **Publication of catalogues and price list on online mediums** – Necessary provisions prescribing restrictions on advertising and promotion of alcoholic products may require amendment to enable online orders

v. **Interplay between state excise laws and FSSAI** regulations as applicable to the e-commerce operations may need to be studied as few regulations which may apply to online delivery of alcohol may already be in place

While analyzing the above aspects, necessary reference can be made to the international jurisdictions where the online sale of alcohol is permitted with relevant rules in place. For example, in the state of New South Wales of Australia, the Liquor Act of 2007 specifically carves out provisions for doorstep delivery of alcohol placed online or through fax or telephone. Relevant provisions are produced herein under for reference:

"114 Sale of liquor through internet or by other communication media

(1) A licensee who sells liquor by taking orders over the telephone or by facsimile or by mail order must cause the licence number to be displayed in any advertisement or information published in writing or electronically in connection with such sales. Maximum penalty: 20 penalty units.

(2) A licensee who sells liquor through an internet site must ensure that the licence number is prominently displayed on the site and in any advertisement or information published in writing or electronically in connection with such sales. Maximum penalty: 20 penalty units.

(3) A licensee who sells liquor by taking orders over the telephone or by facsimile or by mail order, or who sells liquor through an internet site:

a) must, at the time at which an agreement for sale is made, require the prospective purchaser to supply the purchaser's date of birth so as to confirm that the prospective purchaser is of or above the age of 18 years, unless the prospective purchaser has previously supplied the purchaser's date of birth to the licensee, and

b) must give written instructions to the person responsible for delivery of the liquor, requiring that the liquor be delivered:

i) to the adult person who placed the order, or

ii) to another adult person at those premises

2 Read "Online Sale of Liquor Could Dilute India's Efforts to Contain Spread of Coronavirus" available at https://thewire.in/government/liquor-sale-alcohol-coronavirus who undertakes to accept it on behalf of the person who placed the order, or

iii) if the delivery is made on a day after the day the order is taken, or the sale made through an internet site, in accordance with the customer's instructions."

The Liquor Act of 2007 is further supplemented by Liquor Regulation of 2008 which provides for certain other conditions to be complied with for undertaking such online/home delivery of liquor. Regulation 32 provides that:

"32 Sale of liquor through Internet site—notice to be displayed

(1) A licensee who offers liquor for sale through an Internet site must display on the site, at all times while it is accessible, the following notice in accordance with this clause: LIQUOR ACT 2007 IT IS AGAINST THE LAW TO SELL OR SUPPLY ALCOHOL TO, OR TO OBTAIN ALCOHOL ON BEHALF OF, A PERSON UNDER THE AGE OF 18 YEARS Maximum penalty: 20 penalty units.

(2) The words contained in the notice must be big enough to ensure that a person accessing the Internet site would reasonably be expected to be alerted to the contents of the notice."

Apart from the aforesaid, another aspect which may need examination is with respect to enabling online wallets for such delivery and grant of permission by RBI in this regard. It is interesting to note that Hip Bar Pvt. Ltd. was granted authorization by the RBI under the Payment and Settlement System Act, for operating a mobile wallet for the purpose of online order processing and delivery of Indian and Foreign liquor, including beer, wine and LAB (low alcoholic beverages) which has also been through a judicial scrutiny.

In line with the above, the State Governments should strive to formulate a self-contained code to regulate the online sale of alcohol in their respective jurisdictions while amending necessary provisions in the existing State Excise laws to remove the bottle necks. The said Code and the amendment provisions, in order to address the health concerns, could be designed and drafted in a way that the State Government can suspend online sale of alcohol in case of any negative impact.

Recently, the State of Chhattisgarh has come out with regulations and mechanism for online sale of alcohol and home delivery for a fee. West Bengal has also notified on 6th May that the online portal of the State beverages corporation is now ready for online sale and purchase of liquor and that all citizens above 21 years can register as buyers on the portal.

In a post COVID-19 world, online delivery of alcohol can boost fiscal autonomy for several States and may become a step in the right direction from the perspective of fiscal federalism. It is high time that other states follow the suit more so considering the stampede caused by opening of the liquor shops recently, wherein all the social distancing norms were flouted to the extent that Mumbai had to immediately shut the shops.

Sudipta Bhattacharjee
Partner
Advaita Legal

Onkar Sharma
Managing Associate
Advaita Legal

COVID-19 has paused the brimming economic activity in India. From the perspective of financial reporting, it couldn't have come at a worse time than the financial year-end in March. While our healthcare workers, government and citizens fight this unprecedented health crisis, Indian corporates also need to keep an eye on the impact of COVID-19 on their financial position and duly account for those in their financial statements.

The aim of this short piece is to provide a broad direction to the thought process of preparers and auditors while dealing with the impact of COVID-19 as per Ind-AS or the legacy Indian GAAP.

The impacts could be broadly categorized in two buckets – pervasive impacts on the entity and its financial position in general and impacts on specific line items.

Let's first look at the more pervasive impact i.e. on going concern of an entity.

Going concern

For the purpose of financial reporting, an entity is considered as a "going concern" if the entity has no intention of liquidation or ceasing its business in 12 months from the reporting period-end or there are no circumstances expected to arise in 12 months following the reporting period-end, which may force an entity into liquidation or cessation of its business.

These are unprecedented times indeed. Just like a healthy human body is more capable of fighting and averting the attack of a virus, companies with healthy balance sheets are able to accommodate requests for deferred payments from customers and early payments to suppliers. However, if we look at the MSMEs in general and certain sectors in specific – like aviation, fashion retail, commercial real estate and many more, they are fighting to keep their head above water.

That has a more immediate impact – it brings into question what we refer to as the assumption of "going concern" or the ability of the business to continue for more than 12 months.

This situation is also exerting a lot of pressure on liquidity management of India Inc., in many cases adversely impacting their financial ratios and in certain cases, where leverage was already high, forcing them to re-negotiate covenants and repayment terms with the lenders. If the debt covenants are not met, legally the lenders may have a right to demand immediate payment. Companies need to quickly get in touch with their lenders and seek waiver from such terms, else, all liabilities get presented as "current" and that has a direct bearing on the going concern evaluation.

The gap in required and actual capital position will widen due to these developments and hence bring into question the going concern assumption. Auditors will consider commenting on this specifically in their reports, and any unwise choice of words here could deteriorate credit ratings and push up cost of finance for businesses.

To summarise, the need for financial statement preparers to work with their treasury teams and come up with reasonable forecasts for next 12 months, for going concern evaluation and a more long-term forecast, for testing impairment, is more than ever before.

Impairment of non-financial assets

Turning to impact on specific financial statement line items, let's begin with talking about impairment of assets.

Quite obviously, as an outcome of this pandemic, what we are commonly hearing from almost all corners is – (a) disruptions in supply chain and reduced workforce availability, both resulting in increased costs of production and (b) overall decline in demand expectedly likely to result in fall in prices.

Now, all of this has an impact on the financial reporting. The operational challenges will necessitate what is technically referred to as "impairment assessment" or in simple words, doing a DCF on the cash flows and testing whether assets (like factory or licenses or properties) are still the worth they are presented on the balance sheet or not.

So, drawing up both, a revised annual operating plan for FY 20-21 and, a more long-term forecast is imperative at this stage. Businesses need to be able to explain their long-term story better to their auditors and stakeholders and ensure this hopefully temporary blip doesn't cast an uncalled-for reflection on their financial statements.

Revenue recognition

Let's move to the accounting impact on top-line. A general decline in demand for goods and services will affect the volume-based terms agreed with customers. Similarly, disruption of supply chains may trigger penalties or liquidated damages under contracts.

The traditional accrual concept is further refined under Ind-AS by requiring companies to make forward-looking estimates, of what we technically refer to as "variable consideration". For instance, companies in cement or steel sectors offer volume-based discounts to customers and due to the lockdown, most of the distributors are likely to falter on their volume commitments. Companies will need to estimate impact on their revenues based on negotiation with customers.

Similarly, software companies or real estate companies, have built in incentives and penalties for delivering ahead of or behind agreed schedules. It is natural that those clauses are also triggered due to the lockdown. Again, a lot of judgment and management estimates will come into play.

Inventories

There are several sectors which thrive on high volumes and low gross margins. Declining demand may push prices down and hence the net realisable value of inventories may fall below their cost. This will require an immediate provision against such inventories. This is true for real estate companies also.

Similarly, in this lockdown, though factories remained unutilised for some time, the fixed costs were nevertheless incurred. In ordinary times, those costs were absorbed in the value of produced inventory. However, since there was no production, these costs will straight away hit the P&L.

Expected credit losses

The third aspect requiring attention of financial statement preparers is around a general increase in credit risk in the economy which means more provisions for expected credit losses. Financial services sector, particularly the NBFCs and HFCs, which were already reeling under pressure, will be worst impacted.

Further, certain financial assets, like equity investments, are carried at fair value. The meltdown in financial markets has wreaked havoc on those year-end fair values. Financial statement preparers are advised to engage with valuation specialists immediately.

Onerous contracts

Another aspect to be aware of is "onerous contracts". To illustrate this point, the construction sector expects that by the time the lockdown is lifted, their costs of fulfilling contracts would have ballooned to an extent that the entire project margin is wiped out. If that's the case, the auditors will ask companies to create provisions for "onerous contracts".

Leases

We are hearing a lot about lessees pushing lessors for re-negotiation of lease contracts. In certain cases those re-negotiations are covered within 'force majeure' clauses, in which case their impact shall be recognised in the P&L in the period of change. Where those re-negotiations are treated as lease modification, a more complex exercise of re-measuring the lease liability and right-of-use asset shall be triggered. The International Accounting Standards Board is currently working on providing a short-term relaxation from such accounting.

Taxation

Another important point to make here is about taxation. Companies that are carrying tax credits like MAT or brought forward losses on which DTA has been recognised – they need to evaluate whether their profits are going to be sufficient or not, else a write down may be required.

Restructuring provisions

The accounting standards require a provision for restructuring to be created once the organisation has (a) a detailed formal plan for the restructuring and (b) raised a valid expectation in those affected, say the employees, that restructuring will be carried out, by say announcing the plan or beginning to implement it.

The most important aspect of this accounting is the timing of communication to affected group of people.

Hedge accounting

As a strategic angle, we are seeing companies revisiting their hedging strategies. Hedge accounting rules of Ind AS 109 permit MTM losses on hedging instruments to be parked in Other Comprehensive Income (OCI) till the hedged transaction, say a forecast sale or purchase, occurs. Volatile forex markets have made existing hedging relationships ineffective and to the extent the hedging instruments are not expected to cover the impact on hedged items, which is technically referred to as "ineffectiveness", will enter P&L of Q4. Preparers must remember that the protection of P&L doesn't need a formal derivative, so far as natural hedging relationships can be justified, the impact can be carried to reserves instead of to the P&L.

Conclusion

COVID-19 has thrown open several unanswered questions and the arena of financial reporting being judgemental, cross-functional teams at companies need to huddle together and provide necessary inputs to the CFOs and their teams in order to meet the strict accounting compliance regime of India. Corporates are well advised to evaluate the impact immediately and involve relevant experts before its too late.

Siddharth Talwar
Chartered Accountant

STEERING THE COURTS THROUGH THE NEW NORMAL

The countrywide lockdown and the enforcement of social distancing has greatly transformed our lives. Judiciary, being one of the essential pillars of governance in a democracy, is also not untouched by the disruptions caused by COVID – 19. In order to ensure that their functioning is not brought to a grinding halt, the courts across India have used video conferencing to carry on some of their work. The situation provides a unique opportunity for the judiciary to create a framework which would enable it to work online, not only in times of distress but also as a matter of routine. It can also implement new practices which can provide for a more efficient caseload management.

The necessity for adopting technology in the judicial process was recognized by the Hon'ble Supreme Court more than a decade ago in Salem Advocate Bar Association, Tamil Nadu v. Union of India[1], interpreting the provisions of the Code of Civil Procedure, 1908 to allow the use of electronic media during evidence stage. Likewise, while interpreting the Criminal Procedure Code, 1973 in the case of State of Maharashtra v. Dr. Praful B. Desai[2], the court allowed the use of video conferencing for recording evidence in a criminal trial when the accused or the witness cannot conveniently be examined in court. More recently, in the landmark case of Swapnil Tripathi v. Supreme Court of India[3] the Supreme Court allowed live streaming of cases of constitutional and national importance albeit with certain guidelines. Many other courts and tribunals have also taken steps towards digitization of many court related processes leading to simpler procedures and easier access.

Therefore, it is clear that the systems are available, and are being used to a limited extent in the pandemic. What is imperative is that we seize this opportunity and put into place practices that can be sustainable in the long run. Some of the ways in which the existing framework can be augmented are discussed below.

Virtual Court Rooms

A virtual courtroom brings the physical courtroom to a virtual space. Through a virtual court room, the court cases can progress without the need of the participants to attend in person.

The virtual court room can be operated through a dedicated web link or by using a dedicated video conferencing service. While presently, the technology is being

1 (2003) 1 SCC 49
2 (2003) 4 SCC 601
3 (2018) 1 SCC 1

used only to conduct hearings of utmost urgency, the system may be expanded so that it can be used as a matter of routine. Certain cases of sensitive nature for example sexual offences or offences related to child abuse, or cases which are relatively of a simple nature for example consumer cases, may be more suitable to be conducted through video conferencing. Likewise, certain instances for example where the counsel is located in a different location from the court, or where parties by an application requests hearing through video conferencing, discretion may be vested with the concerned judge to allow the conduct of the matter though video conferencing.

Holding virtual courts has obvious advantages. Apart from it reducing the need for people to access the court premises physically, it also has the potential to save on overheads and costs associated with operating court facilities. As the cost of rendering justice would come down, it would automatically improve access to justice for many.

E-filing

E-filing is the ability to submit pleadings and other documents required in a case online. These documents can then be accessed by the judge and by the parties who have been authorized to access them.

In the present system, multiple copies of the pleadings are filed with the registry of the court. The practice has resulted in acute shortage of space in many court premises. In addition to that, the direct cost to the environment as a result of a system overly dependent on the use of paper is incalculable. E-filing may provide a solution to the problem. The rules may be suitably amended to make it

compulsory for a party to file its pleadings in a digital format. Where the party is not in a position to digitize its pleadings, it may file a single set in paper and the court may facilitate the digitization of the documents and add the cost of service to the court fee. By having the documents filed online, the need of physical interaction between the court officials and the litigants would be greatly reduced.

Documents filed through e-filing are easier to store and retrieve than physical documents. These documents can be made accessible to the judge, court staff and the concerned party 24x7 through a portal made specially for the purpose. This would also enable the case to be taken up virtually.

Caseload Management

One of the biggest concerns faced by the litigants and lawyers is the uncertainty of their matter being taken up on the day it is listed. This results in overcrowding of the court premises and a lot of productive time being wasted in merely waiting in the likelihood of the case being called out.

Presently the system relies heavily on oral arguments made by the counsels. While the importance of making oral submissions cannot be undermined, it may be useful to shift the balance in favor of the written submissions. While the oral arguments may still be continued, they may be restricted to a fixed time span, or limited to answering queries that the judge may have after he/ she has gone through the case files.

A realistic estimate of the number of cases that can be taken up, coupled with allotting a time slot to each party for making their oral submissions can optimize the functioning of the court, and also bring about more certainty for the litigants and the lawyers. For cases being heard through virtual court rooms, the parties may be notified in advance and a specific time may be given at which they may login to participate in the proceedings. Effective scheduling of cases can go a long way in more efficient management of the caseload.

Conclusion

While the complete lockdown may be lifted as and when the government feels the time is right, what cannot be denied is that the social distancing norms are here to stay for longer. The measures suggested above, are certain low-hanging fruits which can easily bring about a progressive change in the functioning of the courts. However, for the measures to be effective, those associated with the courts – from the judges to the court staff, lawyers and litigants – needs to be imparted the requisite training. It is also arguable that the current level of digital infrastructure may not be adequate to implement the measures across the country. Hence, it is equally important to simultaneously upgrade on the virtual infrastructure and newer practices till a time is reached where the old practices may gradually and smoothly give way to the new.

Arjun Krishnan

Partner

Samvad Partners

Sumit Srivastava

Senior Associate

Samvad Partners

GST AMID COVID-19

1. Background

At present, nation-wide lockdown has been imposed as a best solution to curb the pandemic of Covid-19 'Corona virus'. During this period, each segment of society is dealing with adversity caused by this pandemic. Even the businesses are redefining their strategies to chalk out a way for sailing through. As most of the tax compliances are shifted till June 2020, an attempt has been made herein, to analyse the fundamental challenges faced across industries and possible ways in which one could plan compliances under goods and services tax (GST) and handle tax disputes in these difficult times.

2. Issues Faced by Taxpayers in Tax Compliance

One of the most critical challenge cropping across industries is shortage of working capital. This is mostly on account of a sudden halt in the consumption across nation, due to business not happening or happening at a very slow pace. Even after lockdown, an instant boom into the sales cannot be expected as consumers would take precaution before stepping into the markets. Thus, all the businesses, especially MSME sector are facing shortage of working capital and this can be expected for a considerable period. The shortage has not only affected routine business functions but has also troubled the industries regarding their payment of tax dues.

Another major issue pertains to unavailability of data. This issue mostly exists in businesses where centralised accounting system with online integration is not in place. In order to file a tax return, one must possess the necessary data so that relevant information can be compiled, and tax return can be filed. During lockdown, since workplaces are closed, it has become practically impossible for the businesses to extract the necessary data for filing the return. Even where online integration is available and data can be accessed through remote place, limited server speed, system crash, or alike technical errors which require manual intervention for correction are posing a hurdle.

3. Relief Measures Extended by Government

In view of the present challenge, the Government has provided various reliefs in respect to GST law which are broadly in the form of either extension of due date for procedural compliance, or complete or partial waiver from interest and late fee. These include:

(a) The due dates of major GST compliances, say, GSTR 3B and GSTR 1 for the month of February 2020 to April 2020 has been extended till last week of June 2020;

(b) Time limit to file any appeal, reply or application or furnishing of any report, document etc. falling during the period from 20 March, 2020 to 29 June, 2020, has been extended up to 30 June 2020;

(c) Where the time limit for filing of refund application is falling during the period 20 March 2020 to 29 June 2020, such application can be filed upto 30 June 2020.

(d) Late fee has been waived completely if tax returns are filed by extended deadlines;

(e) Interest has been completely waived for taxpayers having turnover

less than INR 5 crores if tax returns are filed by extended deadlines. It is reduced from 18% per annum to 9% per annum for taxpayers having turnover more than said limit. Here, the condition is that the returns must be filed within 15 days from original due date.

Giving an interest-free window of 15 days and lower interest (9% p.a.) thereafter to large taxpayers can be perceived to be conscious call on the part of the Government. The object of the government has been to provide relief to the assessees while at the same time sustaining the tax collections so that it can execute necessary actions to fight against Covid-19, as the downfall of the economy has hit hard the revenue collection of the Government.

Another major relief given, is in respect of compliance of Rule 36(4) of CGST Rules, 2017. Said rule provides that input tax credit to be availed by a registered person in respect of invoices or debit notes, the details of which have not been uploaded by the suppliers (i.e. not being reflected in GSTR 2A of recipient), shall not exceed 10% of the eligible credit available in respect of invoices or debit notes the details of which have been uploaded by the suppliers.

Said condition has been relaxed for the period of February, 2020 - August, 2020 and shall be cumulatively applied in GSTR-3B for September, 2020. The measure would be helpful to assessees to reduce cash outflow on account of GST liability in this period.

Besides the above, the Central Board of Indirect Taxes and Customs has initiated "Special Refund and Drawback Disposal Drive" to prioritise processing and disposal of all refund and drawback pending as on 07.04.2020.

4. Recommendations

It is said that what is best can be judged only at a particular time and at a particular place. Hence, a standard approach may not be suitable across businesses. However, aspects discussed below may be helpful while drawing out a suitable approach to carry out the compliances.

- Taxpayers may consider plan to file GST returns and avail extension till last week of June 2020 depending on the partial/complete waiver of interest, available as per the case, and complete waiver of late fee. Taxpayers having turnover more than INR 5 crores must consciously do a cost versus benefit analysis since, in their case, interest is waived completely for first 15 days from original due date and shall be leviable at 9% per annum thereafter.

- In respect of representation for tax disputes, though date of submission has been extended till June 2020, in case of refund related proceedings, the assessee may explore the option of submitting documents through emails, and adopting other digital ways of working amid the Covid 19 outbreak, since deferment of refund cases would be an additional burden on the business.

- In many cases, an amount of tax, interest, penalty, fee or any other amount is available in the electronic cash ledger but cannot be used being deposited in incorrect head. Here, the taxpayers may use the recent facility of Form PMT-09 to transfer the amount to the correct head of levy for its utilization. This facility has saved businesses the burden of lengthy process of refund and provided ease in instant utilisation of idle funds parked in electronic cash ledger.
- Taxpayers, other than individuals, can also use another new feature introduced on GST portal (gst.gov.in), i.e., to file Form GSTR-3B by using electronic verification code which could be filed earlier only by using digital signature certificate. This feature is a blessing for those who do not have their DSCs in hand.

In addition, it is expected that the Government would be soon coming up with a GST relief package for easing the liquidity pressure in the industry and for pushing demand in the market. The package may include one or more of the following:

(a) Suspend the GST payment for sectors which were troubled most by Covid-19 pandemic, like, restaurant, hospitality, aviation;
(b) Lower GST rates for real estate sector;
(c) Shift in GST liability on a cash-based principle in contrast to existing system where GST is due when invoice is raised;
(d) Exempt GST on amount not received considering it as a bad debt.

The tentative package seems attractive, though the real picture can be sketched only after analysing legal notification on this aspect. One more measure that could also be included in the package is waiver of Section 17(5)(h) of CGST Act, 2017 for goods affected from lockdown due to Corona. This provision mandates to reverse input tax credit in respect of goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples. The goods, shelf life of which would get expired during lockdown period, must compulsorily be destroyed by manufacturer. Since the legal provision mandates reversal of ITC on such destroyed goods, waiver of the said provision would save the manufacturers from unwarranted loss of ITC.

5. Before Parting

Liquidity crunch and unavailability of data are two most important limitations faced by taxpayers in the GST compliance. Considering the availability of resources and peculiarities of own case, things may be planned out in the most suitable manner. We must not forget that nothing is permanent in the world, not even the troubles. Even the darkest night has to pave the way for the dawn. One must preserve the equanimity to make his way through these difficult times.

Himanshu Goel
Partner
T R Chadha & Co LLP

POST COVID

NEW NORMS IN BUSINESS OPERATIONS

Introduction

The outbreak of Coronavirus pandemic ("COVID-19") has completely decimated the global economy. It has caused not only global business disruption by halting international trade but also likely to trigger a major economic unrest affecting companies and organizations at all levels, including those that were already struggling with financial turmoil.

With the economic activity coming to a grinding halt, the majority of businesses are jittery about their prospects and trying very hard to deal with a broad range of interrelated issues that range from employees and customer safety, avoiding liquidity crunch and reorienting its existing operations.

New Norms

The businesses in order to wither the COVID-19 pandemic need to make paradigm change in the existing operations and following trends are likely to emerge from this crisis which are as enumerated below.

1. Disruption in supply chain

Businesses reliant upon global sourcing are facing hard choices and unprecedented level of shock in crisis management amidst the supply chain disruptions. The pandemic has drawn attention on the existing dependence of the world's manufacturing industries on China.

In the short-term, companies are merely looking for ways to quickly ensure continuity and introduce flexibility in supply chain. However, this event has served as tipping point for complete overhaul of long-term supply chain strategy and operations. The management shall strive for more diversified client base with the manufacturing facilities/supply chain spread across multiple geographies.

Already, Japan has already earmarked $2.2 billion economic stimulus package to help its manufacturers shift production out of China and relocate their manufacturing base to other trading partners. Similarly, other global companies based out of USA and South Korea are also contemplating to switch their production out of China to countries like India, Mexico and Vietnam.

2. Investment and adoption of new age technology

Companies would increase investment in technology architecture to accelerate digital transformation and put themselves in a robust position to battle out pandemic ramifications.

As per recent research published by the Brookings Institute, a recession is likely to emerge post-COVID-19 which shall upshot a spike in labour replacing automation with employers shedding less-skilled workers with a wave of new AI and automation products. It is expected that automation is likely to curtail overall overhead expenses and augment overall output of companies.

In the past crises as well, many global companies have been very proactive in aggressive technology adoption. For example, Amazon switched from a monolithic to a microservices architecture in 2001 (post dotcom crash), which helped pave the way for the creation of its successful Amazon Web Services business. Similarly, Commonwealth Bank of Australia, completely revamped its core banking system in mid-2008 (Sub-prime mortgage crisis), to become one of the first major banks in Australia to offer real-time transactions.

3. Flexible Workforce

Flexible working arrangement is becoming increasingly popular. The crisis has compelled even traditional industries to adopt technology in a big way, including video conferencing, online approvals and others.

Now, companies are evaluating to experiment this model on long term basis and are closely analysing the benefits emanating from remote work culture. We have witnessed, especially the ones which adopt technology use in a bigger way, that such paradigm shift has provided more freedom in an organization in terms of choice and location of talent for various projects. Moreover, it also led to more fluidity in terms of team structures.

As per Business Today reports, TCS aspires to shift 75 percent or 4.48 lakh of global its workforce (including 3.5 lakh in India) to work from home permanently by 2025. The management of TCS firmly believe that flexible work model helps organisations become more resilient and is better suited for business continuity and agility.

Post COVID-19, work of home culture is unlikely to remain a novelty and may end up becoming a normal for most industries.

4. Change in Business and Revenue Model

Other area of focus should be to develop products and services which enable businesses to sustain and avert the crisis. For instance- Several hyperlocal apps such as Swiggy and BigBasket have taken initiatives to offer contactless deliveries to consumers.

With the imminent slowdown in funding ecosystem, most of the startups needs to relook into the existing revenue models and marketing approach which are, normally, based on giving discounts to customers with an intent to beat the competition. The conventional methods of strategic planning (particularly in startups) needs to fade away in future and the emphasis must be placed upon sustainable pricing.

Conclusion

John F. Kennedy famously said "When written in Chinese, the word crisis is composed of two characters -- one represents danger, and the other represents opportunity." Businesses need to treat this crisis as an opportunity and therefore envision better future post Covid-19.

Karan Sahi

Corporate Lawyer and Company Secretary,
Vaish Associates Advocates

CORPORATES IN SEARCH FOR A NEW NORMAL FOR THEIR TAX FUNCTIONS

Post Covid-2019

"World has seen many pandemics; human race has overcome", says Sri Sri Ravi Shankar. The Novel Coronavirus (COVID-2019) and its spread are causing severe disruption to society and to most of the businesses across the globe. Corporates are adapting to new way of working and restructuring their businesses. There has been tremendous change in working environment after the outbreak of pandemic. Corporates are facing challenges and it has become need of hour to formulate new methods for revamping the businesses.

Social distancing becoming new normal for times to come; will lead to changes in almost all business functions. Such changes will have decent changes in Finance, Audit and Tax functions. Companies and employees who will embrace change will survive in these tough times. Companies also need to restructure and plan with regard to services dealing with stabilizing company's infrastructure and providing round the clock support for IT solutions.

Time has come to work on quick response action in terms of changing dynamics which will result in boosting the economy. There is a need for collective effort by the companies as well as their workforce to come out of these testing times together. Institutions who withhold the barriers of economic depression together are more likely to come out even stronger to fight, survive and thrive in future. Corporates have to be ready for new normal in such kind of situations where behavioural aspects are more likely to impact the business operations. With the rapid changing advancements in IT technology and extended more online productivity, the companies have to take optimum advantage of such advancements.

There is no time to sit and wait for an ideal atmosphere to re-start but to be prepared to thrive, adopt, adjust and to live with and endeavour to make ideal. In short, the companies need to devise a policy to look beyond the pandemic like this and be prepared for new normal. The corporates need to strategize with the management and do analysis of the situation, take stock of investor gateways and get them updated to optimum. The present scenario teaches us that these situations will come in future and how the business should be ready to embrace such scenarios.

In respect of tax function, Companies need to understand to how to tackle the tax implications post crisis. Since Tax is something which keeps bothering the Governments and the Corporates and entire expenditure in running a country or state by the Governments are dependent on tax collections, it is the industry or corporate who have to work accordingly by managing their tax systems, resolving issues relating to tax during the crisis and how prevent such issues being cropped post crisis. The corporates that make best use of technological advancements will be better equipped in dealing with re-assessing tax operating models and improving tax processes.

World over, the companies are encouraging their workforce to work from home or working remotely so as to continue with their operations. Thanks to technological advancements, that now even in lockdowns and in such worse crisis, with the help of technology, the companies can attempt to go ahead and fulfil their timeline of work. What is needed, especially in a country like India, is to adopt and embrace the technology

alongside the traditional way of working which is still a core part of business fraternity. The corporate has to maintain a perfect balance of traditional and technological advancement for achieving future goals and strengthen themselves in working seamlessly in-crisis and post crisis scenario.
Although, this must not be a one-time measure in wake of present Covid-19 pandemic, but this module of virtual – working or remote working should be taken along in time to come, so that in future when such kind of crisis or even worse kind of crisis are faced, the businesses should take least hit.

In post crisis scenario, companies also faces problems of revenue loss, laying off, tax implications etc. which are far more drastic and effect the future course of business. Therefore, a concrete mechanism is required and the companies are bound to work out tirelessly in order to maintain their streak of progress. Since the Covid-19 pandemic has affected businesses worldwide and caused heavy turbulence in world economy, the companies are faced with the downgrading of their shares prices, loss of revenue, shortage of resources and work force to maintain their operations, however, the companies still have to meet with tax compliances and other regulatory obligations well in time. The companies also need to fill the vacuum created by the crisis and have to maintain proper tax and other legal liabilities mandate and tackle smartly the in-crisis as well as post crisis tax disputes and obligations.

The Covid-19 has caused much havoc across the globe and caused serious disruptions in the economies of the Countries. The present pandemic has made it clear that the economies of all the countries are inter-dependent upon each other and vibration in one economy would create turbulence in other economies. The companies should be braced up for future tax modalities as the governments would be revamping the tax regime once the crisis is over and it will have an impact in coming financial years. The companies need to devise strategies to tackle future tax implications while dealing with the present tax structures. The companies are first line of fighters in terms of revenue as the major chunk of economy is sourced from taxes imposed upon corporates. So are the implications which will have direct bearing upon them in maintaining, running and stabilizing their business operations. Companies which will Embrace technology, be adaptive and agile, modify cost structures (including tax structures), Reform business model, introduce new policies and Re-think as business return for various stakeholders will survive. Therefore, companies should be braced up for new normal!!

"It Is Not the Strongest of the Species that Survives, But the Most Adaptable"

CA Inderpal Singh Pasricha
Senior Partner
I.P. Pasricha & Co

Navigating & Transitioning into the New Normal:

Probable Impact on Industries & Necessary Relaxations Required Under GST

Introduction

The Covid-19 pandemic has been an unprecedented situation, causing significant disruption on the global economy along with fears of recession looming in many countries. The last few months have been testing times for nations. For India and for most other countries, the outbreak presents twin challenges, not only containing the virus spread, but also limiting the economic impact in an already slowing economy.

The Covid-19 pandemic has resulted in acute market volatility across the globe. It has also affected the subsisting commercial arrangements and relationship amongst businesses across the world. However, it is imperative that Covid-19 is here to stay for long and therefore, accepting the same as "New Normal" is the need of hour.

The Government of India and the Reserve Bank of India (RBI) has been significantly working to minimize the impact of Covid-19 pandemic. In this regard, various incentives and reliefs have been provided. Virtual lockdown and closure of offices across states has reflected a contraction in economic activities whereby, generation of e-way bill(s) for transportation of goods have declined substantially. Therefore, it is likely that there will be a sharp drop in Good and Services Tax (GST) collections in the upcoming months.

The Covid-19 pandemic has made a substantial impact on almost every industry which came to a halt on imposition of the lockdown. In this regard, the industries throughout India have been demanding incentives and benefits under GST and have approached the Government for some relief.

This article seeks to highlight the probable impact of Covid-19 pandemic on various industries in India while navigating and transitioning into the "New Normal", along with relief and incentives under GST which may be provided by the Government to such industries. The same are highlighted below:

Probable Impact & Recommendations

Automotive Industry

The Covid-19 pandemic has had a severe impact on the automotive industry which was already coping with a downshift in global demand. It is likely that working capital issues will further impact the industry in the ensuing times. The demand for vehicles is expected to be slower considering the subdued economic activity.

Relaxation in GST rates will ease the burden on the automotive industry and revive the demand to help set the course for the future. Timely processing and disbursement of GST refunds to automobile exporters should also be ensured. Further, the current restriction on availment of input tax credit in case of delayed payment to suppliers should be relaxed.

Tourism & Hospitality Industry

In order to control the Covid-19 pandemic outbreak, most of the countries have imposed restrictions on travel since last few months. This has had a huge impact on the tourism and hospitality industry unlike any other event before in its history.

In the New Normal regime, it is likely that even when such restrictions are lifted, the outbound and inbound travel in India is expected to remain exceptionally low because of various factors including heightened risk aversion, measures related to social distancing. Slowdown in the tourism sector will also have a substantial impact on the hospitality industry.

While transitioning into the New Normal regime, a GST waiver may be provided by the Government for all the services relatable to tourism and hospitality industry. This may be done for a temporary period. Deferment of GST liability is another important relief which will boost liquidity in such industry.

Textile & Apparel Industry

The Covid-19 pandemic has affected majority of India's textile export market, causing cancellation or deferral of orders which has further led to inventory build-up. This sector has already been facing severe financial stress.

With Europe and U.S.A being moist affected, it is expected in the New Normal regime, that production will decline and there will slower realization of export receivables leading to working capital issues.

In order to deal with the same, GST rates may be rationalised for the next few months, while the industry transits to the New Normal. Since, there will be slower realization of export receivables, exemption from the condition for non-realization of consideration for exports within the prescribed period should be relaxed. Deferment of GST liability will also aid the industry to deal with working capital issues which may arise in the next few months.

Transportation & Logistics Industry

Transportation and logistics industry have been one of the primary victims of Covid-19 pandemic. With declines in manufacturing, exports, and overall global commerce, the said industry has been severely impacted.

Further, slowdown across various sectors in the next few months is likely to affect the transportation and logistics industry. Heightened risk aversion is expected to prolong the recovery.

In this regard, while navigating and transitioning into the New Normal, the Government apart from giving any specific GST relief to the said industry, should provide relaxations in timelines and documentation for compliance (generation of e-way bill etc.) for transportation of goods.

Micro, Small, and Medium Enterprises (MSMEs)

Recessionary pressures across the globe are expected to have a direct impact on the level of global exports. Given that MSMEs contribute to around 40% of India's exports, the impact will be severe and linger for a longer time.

The MSMEs engaged in essential services are still operational. However, the MSMEs engaged in non-essential services are expected to experience severe liquidity problems while migrating into the New Normal regime.

Several relaxations have been provided under GST to MSMEs. The Government has allowed filing of GST returns and payment of GST liability for March, April and May 2020 until June 2020, without levy of interest, late fees or penalty. To ensure that the impact of working capital requirements is minimized on MSMEs, the Government recently announced releasing of pending refunds under GST. Further, availment of input tax credit on provisional basis for the period February 2020 to August 2020 with a cumulative adjustment subsequently in September 2020 is a welcome step.

However, more relaxations should be provided to MSMEs while adjusting to the New Normal, keeping in mind the medium/long term factors. For instance, restriction on availment of input tax credit in case of delayed payment to supplier should be relaxed for a certain period. The availment of input tax credit on provisional basis should be extended for the whole financial year 2020-2021. Further, export benefits under GST should not be denied in case of mere failure to adhere to any procedural condition.

In Summary

Opening of the economies in a staggered manner and transitioning into the New Normal is the need of the hour. In such unfolding "New Normal" of the world order, the consensus is that the Government should provide relief and incentives under GST keeping in mind the medium/ long term factors with a view to protect interest of the various industries thereby mitigating the impact on the economy.

Disclaimer *- The views expressed herein are strictly personal to the author and should not be construed as a legal opinion. The author is not responsible or liable for any loss or damage caused to anyone due to any interpretation, error, omission pertaining to this article.*

Sarthak Garg

F.CA, L.LB, DISA-ICAI, B.com (H)

TAX COURT SPEAKS!

An insight into the recent key judicial rulings

Income Tax Issue	Legal take away	Judicial Body
TDS on payments to Non-Resident Sportsmen / Sports Association	Payments made to Non-Resident Sports Association of various countries taking part in the tournament liable for TDS u/s 194E	Supreme Court
Holding of refunds	AO can withhold tax refund without processing tax return where grant of refund is likely to adversely affect revenue	Supreme Court
43B and leave encashment	Disallowances u/s 43B not just restricted to only in cases covering statutory liabilities like tax, duty, cess etc, leave encashment duly covered u/s 43B	Supreme Court
Preparatory/ auxiliary activities and LO as PE	Activities of engaging in remittance services by LO are 'preparatory/ auxiliary' in nature and thus do not constitute PE in India	Supreme Court
Section 68 vis a vis identity of creditors	Section 68 addition on establishing of creditors identity and genuineness	Supreme Court
Reassessment beyond 4 years	Reassessment notice issued after 4 years not sustainable where no failure on part of assessee to disclose all material facts	Supreme Court
234 A / B / C Interest	Waiver of interest u/s 234A /B /C for subsistence of winding up order, in view of financial weakness of Company	Madras HC
Section 68 and source of funds	Establishing source of capital contribution renders addition u/s 68 ineffective in hands of partnership firm	Allahabad HC

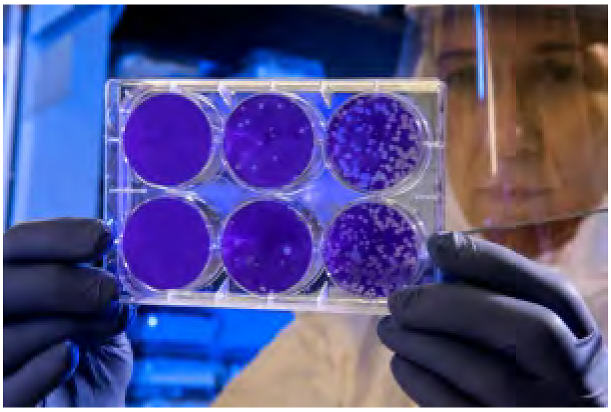
Income Tax Issue	Legal take away	Judicial Body
COVID-19 relief for attachment	COVID-19 relief – Bank account attachment stayed in light of Supreme Court directive that the revenue authorities shall not initiate any recovery proceedings during the subsistence of the COVID-19 pandemic	Calcutta HC
Non-compete fee and depreciation	Non-compete fee paid is a non-depreciable capital expenditure, thus not eligible for depreciation u/s 32	ITAT Delhi
TDS on ESOP vesting	No TDS on vesting of ESOPS u/s 192. The same taxable as perquisite only at time of exercise	ITAT Bangalore
Deduction u/s 80JJAA	Benefit of deduction u/s 80JJAA available for succeeding 2 years even if benefit to new workmen could not be availed in first year owing to the minimum threshold of 300 days in first year	ITAT Bangalore
Section 2(22)(e) and redeemable debentures	Section 2(22)(e) not attracted for issue of redeemable debentures to sister-concern. The securities are a separate scripts and having stand alone capital liability, which cannot be equated with loan, which is current liability	ITAT Mumbai

Alok Pareek
CA, CS, LLB

IT'S NOT ALL ABOUT THE TIMESHEET AT A TIME LIKE THIS. THIS IS AN EXCELLENT OPPORTUNITY FOR ALL OF US TO ADD VALUE AND BUILD RESPECT FOR OUR PROFESSION.

The prudent, conservative message that accountants generally give to their clients about the need to build buffers and reserves, etc, might be better received after this period because so many people will have walked this path."

As you are all aware coronavirus disease (Covid-19) is an infectious disease caused by a newly discovered coronavirus.Most people infected with the Covid-19 virus will experience mild to moderate respiratory illness and recover without requiring special treatment. Older people, and those with underlying medical problems like cardiovascular disease, diabetes, chronic respiratory disease, and cancer are more likely to develop serious illness.



The best way to prevent and slow down transmission is be well informed about the Covid-19 virus, the disease it causes and how it spreads. Protect yourself and others from infection.

To prevent the spread of Covid-19:

- Clean your hands often.
- Use soap and water, or an alcohol-based hand rub.
- Maintain a safe distance from anyone who is coughing or sneezing.
- Don't touch your eyes, nose or mouth.
- Cover your nose and mouth with your bent elbow or a tissue when you cough or sneeze.
- Stay home if you feel unwell.
- If you have a fever, a cough, and difficulty breathing, seek medical attention. Call in advance.
- Follow the directions of your local health authority.
- Avoiding unneeded visits to medical facilities allows healthcare systems to operate more effectively, therefore protecting you and others.

As social distancing and staying at home is the best solution to contain this deadly virus, all businesses -- big or small, are finding it difficult to run smoothly. The businesses are walking on a tightrope; on one hand, they have to ensure the safety of their workforce, whereas, on the other they cannot afford to falter in accounting and compliance. The pandemic has brought about an unprecedented crisis in the companies. But, a good business leader is one who is able to navigate successfully during such adverse twists and turns.

“Many people see chartered accountants as trusted advisers”

This is the time when we need to step up – not just for our clients but for our communities, our networks and our friends and families – and give them sound advice.
The work is still getting done but this kind of thing is good for keeping people's spirits and productivity up.
We're also trying to share knowledge about the early signs of stress, anxiety and depression. As a result, we are having much more open conversations than we'd otherwise have, helping ensure our people know what help is available.
Clients drop in to see us and we drop out to see them in their homes or places of business. That way of doing business has pretty much gone now and we're trying to do the exact opposite, which is very different for us and you too in coming time.
One possible silver lining is that this situation has pulled us into the tech space quite sharply – which we may have been a bit tardy with up until now. We're looking at skype / zoom calls and video-conferencing now, so it's forcing us to learn new skills.
The prudent, conservative message that accountants generally give to their clients about the need to build buffers and reserves, etc, might be better received after this period because so many people will have walked this path.”
A looming economic crisis triggered by the coronavirus pandemic is a chance for us to sweeping reforms to upscale our knowledge and way of working.
Economic crises, natural disasters, medical emergencies, are situations that can hit a business without any warning and lead to a catastrophic upheaval in their future plans. Therefore, the demand of the hour is to embrace tech disruptions at the earliest and be future ready at all times.
If you have not yet availed a saas-based accounting and compliance solution, then it is time to act fast and adopt the best accounting software.
According to the 'accountancy age' by 2020, 78 percent of small businesses will rely solely on cloud technology, so why should you be left out?

"People and their relationship with technology, or more specifically, how they work with and apply technology in new and imaginative ways, will help define the new world of work" –

CHALLENGES AHEAD ?
HUUUU....
W H O C A R E S !
I`M A PROFESSIONAL READY TO HELP

Dr Venketesh Purohit
MBBS, MD - Dermatology

Upcoming Events - 2020

S. No	Topic	Date
1.	Certificate Course on Detecting and Preventing Internal and External Fraud Session 1 to Session 5	11^{th} May to 15^{th} May
2.	UAE Webinar - Impact of Covid 19- How Force Majeure may affect the performance of contractual obligations	11^{th} May
3.	Virtual Session On Labour Law – Key Issues & Recent Amendments Session 1 to Session 4	19^{th} May – Session 1 & 2 20^{th} May – Session 3 & 4
4.	Certificate Course on FEMA and Related Compliances Session 1 to Session 5	21^{st} May – Session 1 & 2 26^{th} May – Session 3 28^{th} May – Session 4 & 5
5.	Certificate Course on International Tax – Session 1 to Session 8	5^{th} June – Session 1 6^{th} June – Session 2 12^{th} June – Session 3 13^{th} June – Session 4 19^{th} June – Session 5 20^{th} June – Session 6 26^{th} June – Session 7 27^{th} June – Session 8
6.	Certificate Course On PMLA - Session 1 to Session 4	16^{th} June – Session 1 & 2 17^{th} June – Session 3 & 4

Our Brands

ACHROMIC POINT ACADEMY

ACHROMIC POINT

APK FORUM
FOSTERING KNOWLEDGE

LEADERS IN KNOWLEDGE DISSEMINATION SPACE
ACHROMIC POINT
10 YEARS
CELEBRATION

WWW.ACHROMICPOINT.COM

https://fraudconclave.in/
https://gstsummit.com/
https://directtaxsummit.com/
https://digitalpaymentssummit.com/

07.05.20

Achromic Point Consulting Pvt. Ltd.
F-11, First Floor, Kalkaji,
New Delhi - 110019, India
T: (O) +91-11-2628-1521
E: feedback@achromicpoint.com