**Income Tax Updates (June, 2021)**

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**1. Extension of timelines related to certain compliances by the Taxpayers:** The CBDT, in exercise of its powers under Section 119 of the Income-tax Act, 1961, provided following relaxation in respect of Income-tax compliances by the taxpayers vide Circular No8/2021 dated 30th April, 2021:

(a) Appeal to Commissioner (Appeals) under Chapter XX of the Income-tax Act, 1961 for which the last date of filing under that Section is 1st April 2021 or thereafter, may be filed within the time provided under that Section or by 31st May 2021, whichever is later;

(b) Objections to Dispute Resolution Panel (DRP) under Section 144C of the Income-tax Act, 1961, for which the last date of filing under that Section is 1st April 2021 or thereafter, may be filed within the time provided under that Section or by 31st May 2021, whichever is later;

(c) Income-tax return in response to notice under Section 148 of the Income-tax Act, 1961, for which the last date of filing of return of income under the said notice is 1st April 2021 or thereafter, may be filed within the time allowed under that notice or by 31st May 2021, whichever is later;

(d) Filing of belated return under sub-section (4) and revised return under sub-section (5) of Section 139 of the Income-tax Act, 1961 for Assessment Year 2020-21, which was required to be filed on or before 31st March 2021, may be filed on or before 31s1 May 2021;

(e) Payment of tax deducted under Section 194-IA, Section 194-IB and Section 194M of the Income-tax Act, 1961 and filing of challan-cum-statement for such tax deducted, which are required to be paid and furnished by 30th April 2021 under Rule 30 of the Income-tax Rules, 1962, may be paid and furnished on or before 31s1 May 2021;

(f) Statement in Form No. 61, containing particulars of declarations received in Form No.60, which is due to be furnished on or before 30th April 2021, may be furnished on or before 31st May 2021.

**2. Extension of timelines related to certain compliances by the Taxpayers:** The CBDT in Circular No.9 of 2021 dated 20th May, 2021 has extended timelines for various compliances which are given below:

1. The Statement of Financial Transactions (SFT) for the Financial Year 2020-21, required to be furnished on or before 31stMay, 2021 under Rule 114E of the Income-tax Rules, 1962 (hereinafter referred to as "the Rules") and various notifications issued thereunder, may be furnished on or before 30th June 2021 ;
2. The Statement of Reportable Account for the calendar year 2020, required to be furnished on or before 31st May 2021 under Rule 114G of the Rules, may be furnished on or before 30th June 2021
3. The Statement of Deduction of Tax for the last quarter of the Financial Year 2020-21, required to be furnished on or before 31st May, 2021 under Rule 31A of the Rules, may be furnished on or before 30th June 2021;
4. The Certificate of Tax Deducted at Source in Form No 16, required to be furnished to the employee by 15th June 2021 under Rule 31 of the Rules, may be furnished on or before 15th July 2021;
5. The TDS/TCS Book Adjustment Statement in Form No 24G for the month of May 2021, required to be furnished on or before 15th June, 2021 under Rule 30 and Rule 37CA of the Rules, may be furnished on or before 30th June, 2021 ;
6. The Statement of Deduction of Tax from contributions paid by the trustees of an approved superannuation fund for the Financial Year 2020-21, required to be sent on or before 31st May, 2021 under Rule 33 of the Rules, may be sent on or before 30th June,2021;
7. The Statement of Income paid or credited by an investment fund to its unit holder in Form No 64D for the Previous Year 2020-21 , required to be furnished on or before 15th June, 2021 under Rule 12CB of the Rules, may be furnished on or before 30th June, 2021;
8. The Statement of Income paid or credited by an investment fund to its unit holder in Form No 64C for the Previous Year 2020-21, required to be furnished on or before 30th June, 2021 under Rule 12CB of the Rules, may be furnished on or before 15th July, 2021;
9. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which is 31st July 2021 under sub-section (1) of section 139 of the Act, is extended to 30th September, 2021;
10. The due date of furnishing of Report of Audit under any provision of the Act for the Previous Year 2020-21, which is 30th September 2021, is extended to 31st October, 2021 ;
11. The due date of furnishing Report from an Accountant by persons entering into international transaction or specified domestic transaction under section 92E of the Act for the Previous Year 2020-21, which is 31st October, 2021, is extended to 30th November, 2021;
12. The due date of furnishing of Return of Income for the Assessment Year2021-22, which is 31st October, 2021 under sub-section (1) of section 139 of the Act, is extended to 30th November, 2021;
13. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which is 30th November, 2021 under sub-section (1) of section 139 of the Act, is extended to 31st December, 2021;
14. The due date of furnishing of belated/revised Return of Income for the Assessment Year 2021-22, which is 31st December, 2021 under sub-section (4)/sub-section (5) of section 139 of the Act, is extended to 31st January, 2022.

Clarification 1: It is clarified that the extension of the dates as referred to in clauses (9), (12) and (13) above shall not apply to Explanation 1 to section 234A of the Act, in cases where the amount of tax on the total income as reduced by the amount as specified in clauses (i) to (vi) of sub-section (1) of that section exceeds one lakh rupees.

Clarification 2: For the purpose of Clarification 1, in case of an individual resident in India referred to in sub-section (2) of section 207 of the Act, the tax paid by him under section 140A of the Act within the due date (without extension under this Circular) provided in that Act, shall be deemed to be the advance tax.

**3.Relief to hospitals, dispensaries, nursing homes and Covid Care Centres:** The Central Government, in exercise of powers conferred by clause (iii) of Provisoto Section 269ST of the Income-tax Act, 1961, vide Notification No 56/2021 dated 7th May,2021 has specified that hospitals, dispensaries, nursing Homes,Covid Care centres or similar other medical facilities providing Covid treatment to patients can accept payments in cash during 01.04.2021 to 31.05.2021, on obtaining the PAN or AADHAAR of the patient and the payee and thus such receipt would not be construed as being in contravention of section 269ST.

**4. Notification stating amendment of rules for non-residents transacting in IFSCs:** In Notification No.42 /2021 dated 4th May, 2021 the amendment to Income Tax Rules,1962 by way of insertion of Sub-rule (2A) to Rule 114 AAB is notified. The provisions of section 139A shall not apply to a non-resident, being an eligible foreign investor, who has made transaction only in a capital asset referred to in clause (viiab) of section 47 which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency, if the following conditions are fulfilled, namely:—(i) the eligible foreign investor does not earn any income in India, other than the income from transfer of a capital asset referred to in clause (viiab) of section 47; (ii) the eligible foreign investor furnishes the following details and documents to the stock broker through which the transaction is made namely:—(a) name, e-mail id, contact number;(b) address in the country or specified territory outside India of which he is a resident;(c) a declaration that he is a resident of a country or specified territory outside India; and (d) Tax Identification Number in the country or specified territory of his residence and in case no such number is available, then a unique number on the basis of which the non-resident is identified by the Government of that country or the specified territory of which he claims to be a resident.

Similarly, sub-rule (2B) is inserted to Rule 114AAB whereby the stock broker shall furnish a quarterly statement for the quarter of the financial year, in which the details and documents referred to in sub-rule (2A) are received by it, in Form No.49BA to the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) or the person authorised by him, electronically and upload the declaration referred to in sub-clause (c) of clause (ii) of sub-rule (2A) within fifteen days from the end of the quarter of the financial year to which such statement relates in accordance with the procedures, formats and standards specified by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems) under sub-rule (3).”;

**5. Notification for the purpose of Significant Economic Presence:** The CBDT vide Notification No.41 /2021 dated 3rd May, 2021 has specified the threshold monetary limit and number of users for the purpose of determination of SEP by inserting Rule 11UD to the Income Tax Rules, 1962. It is applicable from 1st day of April, 2022. They are (i) The amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a non-resident with any person in India, including provision of download of data or software in India during the previous year, shall be two crore rupees; and (ii) the number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be three lakhs.