

# VASAI BRANCH OF WIRC NEWSLETTER

September 2020



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## CHAIRMAN'S COMMUNICATION

Dear Esteemed Members,

Greetings from Vasai Branch!

**"Success is sweet, but the secret is sweat."**

We have reached the middle of the year. I am being reminded of each and every moment spent during this first half phase of 2020 that has been like a roller coaster ride in many ways, individual and together, personal and professional, creating an impact on each of us in somehow anyway.

Today, we all have arrived at the same point since jointly we have dealt with this global pandemic and come out as stronger and smarter generation that has earned wisdom.

This month Vasai Branch of WIRC of ICAI has been full of many activities that it has managed with sincerity, perseverance and hard work while serving its stakeholders.

Let me congratulate and thanks to my fellow Managing Committee Members of Vasai Branch and Co-ordinator for the efforts put in by them for growth of the Profession.

As a result of constant pursuit for perfection, integrity, skills and knowledge, the profession of Chartered Accountants has attained a coveted position in the world. To maintain this position, it is essential that the expectations and requirements of CA fraternity are well understood and met. With globalization and increasing business complexity, it is essential that Chartered Accountants equip themselves with the latest economic and regulatory changes and stand out to the expectations of the society.

I would like to conclude with a message that let us look to the future with confidence and determination that we will overcome and take the profession to greater heights. Vasai Branch has always been there to support all members and students and we will continue to do that for the betterment of the fraternity as a whole.

Making way into further pages of this Newsletter journey, hope you enjoy reading as much as we enjoyed creating it for you!

I look forward to receiving your valuable suggestions and feedback. Do not hesitate to interact with me at [vasaibranch@gmail.com](mailto:vasaibranch@gmail.com).

Ankit

**CA. Ankit Rathi**  
Chairman  
Vasai Branch of WIRC of ICAI

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## Dealing In Delisted Companies Through Dissemination Board



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Once upon a time, there used to be over 2 dozen stock exchanges spread across India but majority of them were non-functional for a very long time due to varied reasons including lesser interest from the investors. With the systematic approach and professional services by nationwide

stock exchanges due to adoption of superior technologies, most of the regional stock exchanges have exited and closed down over last few years. In order to provide an exit opportunity to shareholders of companies which had been exclusively listed on the exiting stock exchanges, SEBI introduced the concept of "Dissemination Board" in May 2012.

Accordingly, all companies exclusively listed on exiting stock exchanges had been required to get themselves listed on nationwide stock exchanges by meeting eligibility criteria and if they failed to do so then, these companies were treated as unlisted companies and thereafter, moved to Dissemination Board. Over a period of time, SEBI instructed BSE and NSE to also transfer securities of all compulsorily delisted companies by them to Dissemination Board wherein the promoters were required to give an exit offer to public shareholders by following the process as prescribed by SEBI.

Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) have launched Dissemination Board platforms as directed by SEBI and both of them together have nearly 2000 companies from different regional stock exchanges. Further, BSE and NSE had compulsorily delisted 1109 and 219 companies from their own platform over last few years and placed them on respective Dissemination Boards to offer shareholders a facility to deal in their shares for a period of 5 years. Though none of these companies have entered into any listing agreement with nationwide stock exchanges, as per uniform operational guidelines prescribed by SEBI, information received from such companies would be disseminated on the respective exchange's portal and further, wide publicity would be provided about the Dissemination Board in national & regional dailies as part of the agreement with the exiting stock exchanges.

### Process for Trading on Dissemination Board

- 1) In order to facilitate wider participation, SEBI permitted stock exchanges to host Dissemination Board in the Capital Market Segment with market type in the Normal Market Segment.
- 2) It is mandatory for both buyer and seller to complete KYC norms as mandated by SEBI while getting themselves registered with the trading members of the respective exchanges.
- 3) Buyers and sellers can deal in the securities of companies which are available with the Dissemination Boards only through the registered trading members of the respective

exchanges. Entire communication needs to be routed through trading members and direct interaction between buyer and seller is not allowed.

- 4) The exchanges does not overview the bids / offers as a matter of surveillance.
- 5) Offers placed on Dissemination are valid for 1 week and orders are matched on the basis of price and quantity.
- 6) Matched orders are settled bilaterally between the buyer and seller while treating as Principal to Principal contract between both the parties but trading member does not have any obligation to settle the trade. Hence, no contract note is issued.
- 7) No margin payments are applicable for trading and further, there is no recourse to the settlement guarantee fund, investor grievance redressal mechanism including arbitration for the trades on Dissemination Board.

### Advantages

- 1) Prior to 2012, there was hardly any mechanism available for the shareholders of delisted companies and hence, SEBI's initiative to introduce dissemination board has been a very positive move in the interest of investors.
- 2) Dissemination Boards have been launched as directed by SEBI where the stock exchanges would allow trading in stocks of delisted companies for a period of 5 years in order to help investors to get an exit. It is a sufficiently large period and investors should be able to find out serious buyers for their stocks.
- 3) Due to larger reach of nation-wide stock exchanges, shareholders of delisted companies have better chances of finding interested buyers.
- 4) Since the trades are done through registered trading members of stock exchanges after doing KYC, chances of frauds would be relatively lesser as compared to sale through private channel.

### Word of Caution

- 1) Despite a novel concept, overall response from investors had not been encouraging so far due to complex norms for dealing in securities on Dissemination Board. Perhaps, there is a necessity to simplify the process and make it online.
- 2) Trading members have expectations of higher lot size and since the settlement is not guaranteed by exchanges, investors are afraid to go for bigger deal.
- 3) Many companies are about to complete their 5 years on Dissemination Board soon but there has been limited awareness about them. Perhaps, there may be a need to give 1 time extension of 5 years in the larger interest of all shareholders.



- 4) BSE and NSE had delisted large number including liquidated / under liquidation companies over last few years. All these companies are transferred to Dissemination Board and appearing in the database maintained by the respective stock exchanges. There are legal restrictions for transferring shares of companies under liquidation and prior approval of liquidator is necessary. It would be highly recommended to check status of the company before dealing in its shares through Dissemination Board.

### Conclusion

Majority of the promoters list their companies with an ambition to take their business to next level and create value for all stakeholders. However, cost of compliance listing compliance has risen steeply

in last 1 decade. If any company fail to comply with the listing regulation then they are initially suspended and finally delisted by the stock exchanges. Very few suspended companies have revived in the past.

Delisting of every company subsequently results into collapse of business, job losses, lesser chances of loan recovery and permanent erosion of shareholders' investments. Hence, it is recommended to tap this final exit opportunity given by SEBI and make an effort to identify buyers for selling shares of delisted companies in the prescribed period through Dissemination Board.

Afterall, "Something is better than Nothing."



## Notification No : 62/2020 - Central Tax dated 20th August, 2020



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### Critical Analysis–Aadhar Authentication Under GST Act vis-à-vis Registration

The Prime Minister's commitment towards digital India, reduction in corruption, fixing authority & responsibility and a move towards making a more transparent economy has paved a way towards

efficient delivery & governance. Admst Global Covid Impact & its alarming increasing rate the attempt and commitment persists.

The most awaited GST Aadhar Authentication Process has been operationalised vide Notification No 62/2020 dt 20th August 2020 & has been rolled out w.e.f 21st August 2020 post Covid Pandemic, wherein the Process of Aadhar Authentication has been made **Optional**.

It is not mandatory for the Applicant under the GST Act to go through the Aadhar Authentication Process an Option has been given as to whether the Applicant would like to go through the Aadhar Authentication Process or not thus it is at his liberty whether to exercise the option or not.

As per the Notification No : 62/2020 - All Tax Payers i.e. Normal Taxpayer/ Composition/ Casual Taxable Person/ Input Service Distributor (ISD)/ SEZ Developer/ SEZ Unit etc., except person Notified under Sub-Section 6D of Section 25. i.e.

The Aadhar Authentication Process is not applicable to :

- Already Existing GST Dealers/Persons registered on GST Portal
- Already Registered Dealers/Persons registered under MVAT Act & being Migrated to the GST Act & Registered on GST Portal

- Non Resident
- Persons Other than Citizen of India

The Aadhar Authentication Process has been introduced in Order to keep a Check on the Malpractices happening under the GST Act & make the process seamless and more transparent.

The Aadhar Authentication/Verification process works on Real Time Basis and can be validated Online at anytime and from anywhere.

Now the Question arises as to the person/s who has to go through the Aadhar Authentication Process. It depends on the Constitution of the Applicant & his status as to one who needs to undergo the process.

As per **Section 25(6A) to (6D) of the CGST Act & Board Notification 17/2020-C.T dated 23rd March 2020 exercising the power conferred by sub-section 6D of Section 25**, the Aadhaar authentication is mandatory for the following class of individuals as per Rule 8 of the CGST Act in order to undergo for the GST registration: **(Other than Non-Resident who are exempted as per section 3(1) of the Aadhar Act, 2016) :**

Applicant :

- |                    |  |
|--------------------|--|
| ❖ Individual       | Applicant / Authorised Signatory         |
| ❖ HUF              | Karta                                    |
| ❖ Partnership Firm | Authorised Partner /Authorised Signatory |
| ❖ Company          | Authorised Director / Authorised Person  |

The Applicant need to complete Aadhar Authentication of all the Promoters/Partners/Authorised Signatory/Karta etc., as mentioned in the Application towards Registration

The Most Pertinent and important question arises as to what will be the consequences if the Aadhar Authentication process is not done/undertaken **Rule 9 Sub Rule (1)** clearly envisages such a situation.

Under **Rule 9 Sub Rule (1)** In Case the applicant, who, either do not provide Aadhaar, while applying for new registration or whose



Aadhar authentication fails in validation, would be subjected to “**Site verification**” by the tax department.

Physical Verification of Applicant’s “**Place of Business**” will be done by the Tax Officer & only after physical verification if the Tax Officer is satisfied, he will grant the Certificate of Registration & Registration Number will be issued thereof.

Here one may infer that it is advisable for the Applicant to Update his Mobile Number & e-mail Id with UIDAI in case to avoid delay in obtaining registration and avoid the Tax Department visit to their Place of Business at <https://uidai.gov.in>

However to the above Aadhar Authentication Process an Exemption has been inserted therein in the said Notification i.e. Notification 62/2020 as stated below wherein -

**“Provided further that the proper officer may, for reasons to be recorded in writing and with the approval of an officer not below the rank of Joint Commissioner, in lieu of the physical verification of the place of business, carry out the verification of such documents as he may deem fit.”;**

In the above stated Exemption through Registration will be approved without any visit as stated herein.

Lets now analyse as to what will be the Date of Application Submission vis-à-vis GST Registration. The date of Registration will be determined w.e.f 21st August, 2020 as stated below (**Rule 8 sub Rule 4A**) :

- Date of Aadhar Authentication or
- 15 Days from the Submission of Application

whichever is Earlier

Further let us look into as to what is the stated Time Line for Grant of Registration / Deemed Approval as per the Notification No 62/2020 :

**Rule 9 sub rule (5) earlier clause (a) & (b) now inserted (c) & (d)** towards Timelines for grant of registration as stated below :

**In case of Successful Authentication of Aadhaar :**

In case of successful authentication of Aadhaar, or where the person is exempted from the Aadhaar authentication requirement registration will be deemed approved **within 03 working days** from the date of Submission of Application

**In case of where Authentication of Aadhaar is Unsuccessful or Not Opted :**

If Aadhar authentication is not opted for or if authentication fails in validation and **NO SCN (Show Cause Notice)** is issued **within 21 days** by tax official, registration will be deemed approved - **Rule 9 Sub Rule (2)**

**In case wherein Show Cause Notice is Issued :**

Tax Officer can issue SCN within the period specified for grant of registration, like in cases of successful Aadhar authentication i.e.

03 working days, or in cases when taxpayer do not opt to provide Aadhaar or when Aadhar authentication fails i.e. 21 working days. Applicants can submit their reply within 07 working days from issue of SCN.

#### **Step by Step Registration Process in brief**

- At the time of applying for GST registration, the applicant is given an option to select if he wishes to authenticate Aadhaar.
- The applicant can either select a YES or a NO for Aadhaar Authentication.
- If s/he clicks YES, an authentication link will be shared on GST registered mobile number and e-mail IDs of the Promoters/ Partners and Authorized Signatories.
- Upon clicking the authentication link, a screen will come with a declaration where the applicant needs to enter an Aadhaar number and click on “validate”.
- On successful matching of the details in registration form with the UAIDI, an OTP will be sent on their email and mobile registered with the Aadhaar that has been entered by the applicant. On entering the OTP in the box provided on the screen validation will be complete and a message of successful e-KYC authentication will be shown
- It is important to ensure that a user’s Aadhaar has an updated registered mobile number and email for expeditiously completing the process.
- OTP for Aadhaar authentication would be sent on the mobile number and e-mail address registered with Aadhaar. Mobile numbers registered with Aadhaar can be verified at <https://resident.uidai.gov.in/verify> where the last three digits of the registered mobile number are shown.
- Applicant can access the link again for authentication by navigating to My Saved Applications > Aadhaar Authentication Status > **RESEND VERIFICATION LINK.**
- Where the applicant for GST registration chooses not to go through the process of Aadhaar authentication, he may choose NO for this step. The GST registration application would then be sent to the jurisdictional tax authority that may carry out necessary documentary and/or physical site verification before approving registration. Where no action is initiated by the Tax Authority within 21 days, the registration application shall be deemed as approved.







## Faceless Assessment – A New Concept of Tax Assessment in India



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The Prime Minister of India, Shri Narendra Modi, on August 13, 2020 has launched platform for 'Transparent Taxation and has unveiled Faceless Assessments, Faceless Appeals and Taxpayers Charter. The main features of Faceless Assessment are analyzed as under :

### A What is the Object

- To ensure complete transparency in government operation
- To eliminate Assessee to visit or meet any Income Tax Officials for any assessment proceedings
- Better quality of assessment
- To reduce number of disputes and litigations
- To make tax administration corruption free

### B What is faceless assessment

Under the faceless assessment, the tax payers do not have to visit the Income Tax Department and do not come face to face with any Income Tax Officials. The Tax Assessee can attend the proceedings online and upload all the details electronically. The entire correspondence from the issue of notice till receipt of the assessment order are in digital format and assessment will be finalized on merits.

### C. What are the relevant sections in the Act

Section 143(3A), (3B) and (3C), section 2(23C) define hearing including communication of data and documents through electronic media. Two Notification Nos. 60 and 61 dated 13th August, 2020.

### D ITS' applicability

All the assessments pending as on 13/08/2020 except relating to Central Charge (Search & Seizure) and International Tax. It is applicable to all the Assessee including corporate.

### E How Digital system works

The system will work under the National e-Assessment Centres (NeAC) - backbone of the faceless assessment and will be located at Delhi.

Eight Regional e-Assessment Centres (ReAC) will work under NeAC with the support of other centres such as Assessment units (AU), Verification units (VU), Technical units (TU) and Review units (RU).

### F How it will work and structure

- The NeAC shall serve a notice under section 143(2) on tax assessee specifying the issue for selection of his case for e-assessment
- The Assessee is required to file response to NeAS within 15 days from receipt of such notice.
- The NeAC shall assign the case to a specific AU in any one ReAC.
- The AU will go through the response from the Tax Assessee and if required, may request NeAC to refer VU for some inquiry, refer TU for some technical assistance and seek more information from assessee.
- The NeAC shall issue an appropriate notice to the Tax Assessee for obtaining further information / document / evidence required by AU, TU and VU for conducting faceless assessment.
- The Assessee and other persons to whom notice is issued by VU shall file their responses.
- The AU after taking into account submission of the assessee and findings of VU and TU if any shall prepare the draft order
- The NeAC may approve the draft order or refer the draft order to Review Unit in one ReAC, through an automated allocation system.
- The Assessee's response on the draft order received by RU shall be assigned to an other AU again through an automated allocation system. The new AU shall issue a notice to the Assessee giving further opportunity to file submission, if any.
- Final assessment will then be completed and will be informed to Assessee

### G What benefit to Assessee

The new assessment proceedings avoid human interface between the Assessee and the Tax Department. The entire assessment proceedings shall be conducted in a digital form. No personal appearance. No personal visit to Income Tax Department are required. Details / documents / response can be uploaded from home / office. Very fair trial.

### H Conclusion

The new scheme therefore looks transparent. However, the time only tell the effectiveness and efficiency of the scheme.





### 25th Virtual CPE Meeting on GST - Annual Return held on 5th September, 2020



Speaker- CA. Manish Gadia (Regional Council Member), Session Chairman - CA. Ankit Rathi (Chairman - Vasai Branch of WIRC)  
Coordinators – CA. Vijendra Jain (Secretary – Vasai Branch) & CA. Amit Agarwal (Committee Member – Vasai Branch)

### 26th Virtual CPE Meeting on Overview of GSTR 9C & Recap of Recent Developments in GST held on 6th September, 2020



Speaker- CA. Jignesh Kansara, Session Chairman- CA. Ankit Rathi (Chairman - Vasai Branch of WIRC)  
Coordinators – CA. Vijendra Jain (Secretary – Vasai Branch) & CA. Amit Agarwal (Committee Member – Vasai Branch)

### 27th Virtual CPE Meeting on TDS & TCS provisions under Finance Act 2020 held on 12th September, 2020



Speaker- CA. Avinash Rawani, Session Chairman- CA. Ankit Rathi (Chairman - Vasai Branch of WIRC) Coordinators – CA. Vijendra Jain (Secretary – Vasai Branch) & CA. Amit Agarwal (Committee Member – Vasai Branch)

### 28th Virtual CPE Meeting on Preparation for valuation exam and valuers held on 13th September, 2020



Speaker- CA. Dr. Rajkumar Adukia (Past Central Council Member), Coordinators – CA. Vijendra Jain (Secretary – Vasai Branch) & CA. Amit Agarwal (Committee Member – Vasai Branch)



## 29th Virtual CPE Meeting on Opportunity and Challenges in Private Limited Provisions Related to Companies Act 2013 held on 19th September, 2020



Speaker- CS. S K Jain, Welcome note - CA. Ankit Agarwal (Chairman – Kalyan Dombivali Branch of WIRC), Session Chairman- CA. Ankit Rath (Chairman- Vasai Branch of WIRC) Coordinators – CA. Xavier Rajan (Immediate Past Chairman – Vasai Branch), CA. Vijendra Jain (Secretary – Vasai Branch) & CA. Amit Agarwal (Committee Member – Vasai Branch)

## 30th Virtual CPE Meeting on Practice Management in Covid Time held on 26th September, 2020



Speaker- CA. Nilesh Vikamsey (Past President - ICAI) Session Chairman- CA. Ankit Rath (Chairman- Vasai Branch of WIRC) Coordinators – CA. Vijendra Jain (Secretary – Vasai Branch) & CA. Amit Agarwal (Committee Member – Vasai Branch)

## Webinar on Basic of GST Audit & Annual Return (WICASA) held on 20th September, 2020



Speaker- CA. Aarchana Yadav, Session Chairman – CA. Sorabh Agrawal (Chairman – Vasai WICASA), WICASA Team – Ms. Priya Parekh & Mr. Dhawal Pithadiya

Editor: CA. Ankit Rath Published by Vasai Branch of Western India Regional Council of The Institute of Chartered Accountants of India at Finesse Graphics and Prints Pvt. Ltd., 309, Parvati Ind. Est., Sun Mill Compound, Lower Parel, Mumbai 400 013. Tel. : 4036 4600

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