

# Select regulations and Compliance Calendar

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**“If you think  
compliance is  
expensive –  
try non-compliance.”**

*Former U.S. Deputy Attorney General Paul McNulty*

# Agenda

**01** Constitution options

**02** Select applicable laws

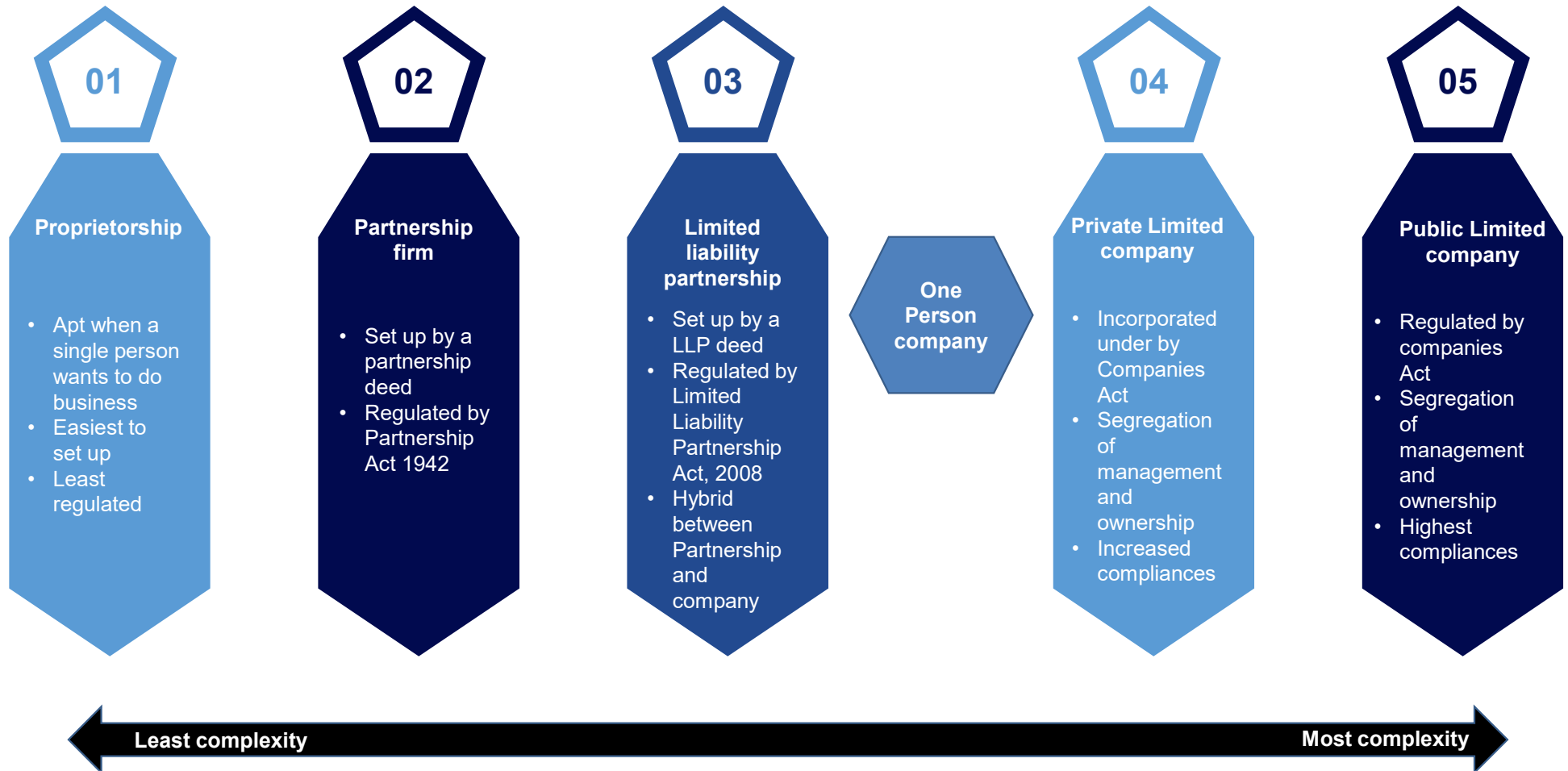
**03** Compliance calendar

**04** Documentation and some  
common challenges

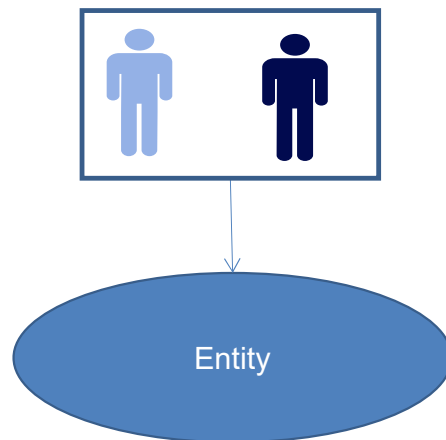




# Constitution options



# Case study



Has a liability of Rs 10  
cr which it is unable to  
pay

## Proprietorship

Proprietor will have to make good the liability to third party even if from personal assets

## Partnership

Partners will have to make good the liability to third party even if from personal assets, if one partner can't make good his share, the other partner will be liable (recovery process between them is a separate matter)

## Limited liability Partnership

Partners liable only to the extent of their agreed capital.

## Company

Shareholders only liable to the extent of their agreed capital

# Select regulations

## Income-tax Act

Applicable on all kinds of businesses

## Goods and service tax

Applicable on goods and services covered under the regime –  
Except alcohol for human consumption (Art 366)

## LLP Act

Applicable on Limited Liability partnerships

## Companies Act

Applicable on one person company, private limited companies, public limited companies, NPO

- There could be other regulations applicable based on state laws or nature of business such as
  - Shop and establishment Act
  - Labour laws
  - Professional tax
  - Various SEBI laws
  - RBI

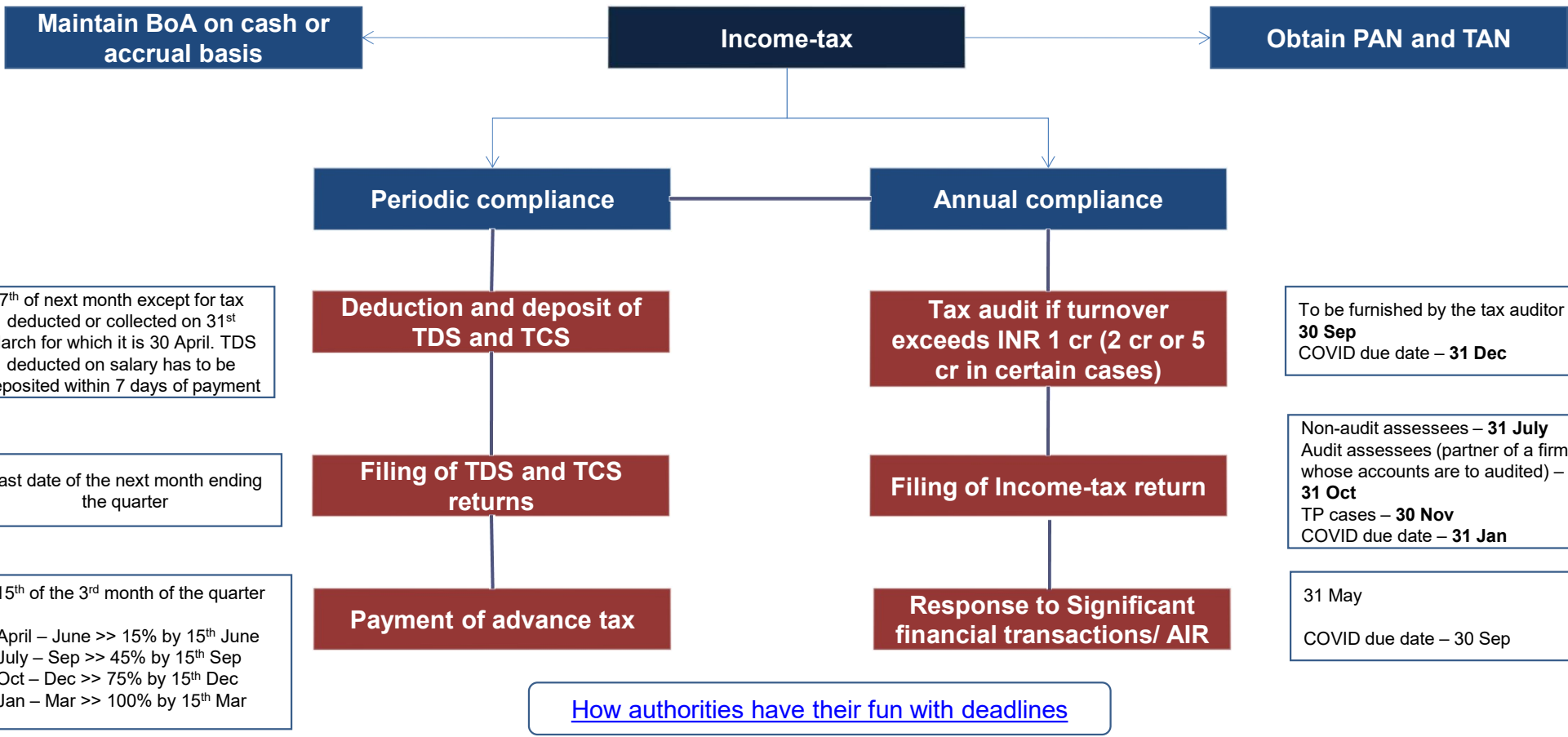
# Applicability

Regulations	Proprietorship	Partnership firm	Limited liability partnership	Companies
Income-tax	✓	✓	✓	✓
Limited liability Act			✓	
Companies Act				✓
Goods and Service tax	✓	✓	✓	✓

# Typical compliances under various regulations



# Income-tax





# Goods and Service tax

Registration under GST Act is required if aggregate turnover from supply of goods exceeds INR 40 lakhs and supply of service exceeds INR 20 lakhs – turnover is seen on PAN basis and not for each state. Therefore if turnover of entity exceeds prescribed limit, registration in state will be required even if the entity makes a taxable supply from that state of Re 1

No cash outflow

## GSTR-1

Contains report of sales/services

Outward GST liability

To be filed on monthly basis if t/o > 1.5 cr

To be filed by 11<sup>th</sup> of Next month

cash outflow

## GSTR-3B

Inwards GST credit

To be filed on monthly

Around 20<sup>th</sup> of the next month

Determines tax to be deposited – Outward – Inward credit available = tax to be deposited

## GST audit

Required if aggregate turnover exceeds INR 2 cr

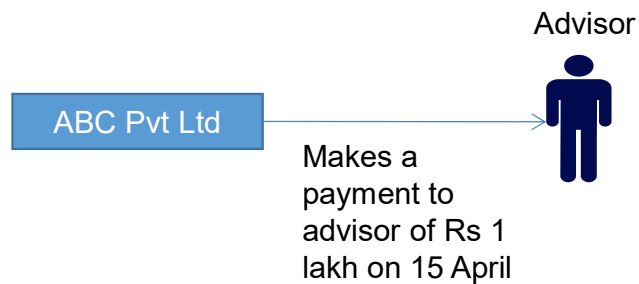
Information is supplied in Form 9 & 9C

Due date – 30 September



Registration in only 1 state will lead to minimum of 16 returns, imagine having registrations in the 28 states and 8 UT – 576 returns annually !!!

# Case Study

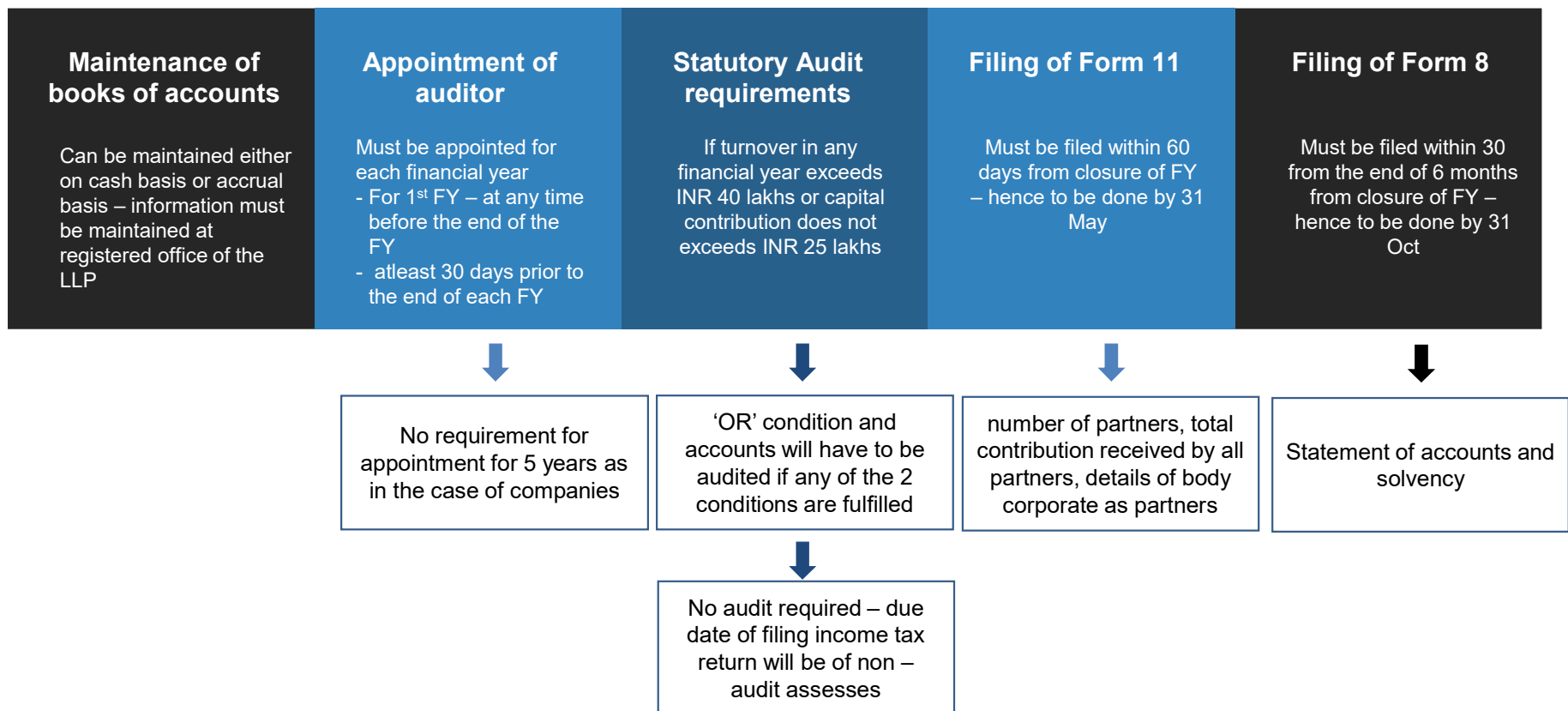


➤ Advisor will raise an invoice of Rs 1,18,000/- (including GST @ 18%)

➤ ABC Private Limited will need to deduct tax @ 10% before making the payment to the advisor and pay Rs 1,08,000/- (no TDS on the GST amount)

Compliance by ABC Private Limited	Compliance by Advisor
Pay Rs 10,000 of tax deducted to Gol by 7 May	Can take credit of Rs 10,000 in its tax return
File TDS return for Q1 by 31 July	TDS will reflect in 26AS of the advisor
Can claim credit of Rs 18,000 of GST paid in GSTR-3B filed by 20 May	Will have disclose the income in GSTR-1 to be filed on 11 May and pay GST of Rs 18,000 (less available credit) at the time of filing GSTR-3B to be filed on 20 May

# LLP Act, 2008



# Companies Act 2013

## Private companies

1

### Maintaining books of accounts and audit

All private limited companies have to maintain their books of accounts on the basis of mercantile basis and get them audited from a CA.

2

### Holding of meetings

- Board meeting – minimum 4 in a year and not more than 4 months gap between 2 consecutive meetings
- AGM – within 6 months from end of FY and not more than 15 months gap between AGMs – **non compliance may result in penalty of Rs 1 lakh**

3

### Filings with registrar of companies

- Form of Annual return – MGT-7 – within 60 days of AGM
- Filing of financial statement - AOC 4 – within 30 days of AGM
- DPT -3 – reporting of deposits /non deposits – 30 June – **hefty penalties for accepting deposits**
- DIR-KYC – 30 June

4

### Internal documents to be maintained

- Statutory registers – register of members, director, fixed assets, transfers, charges, investment,
- Minutes books – Board meetings, AGM, EGM
- MBP -1 – disclosure of interest in other entities of Directors (at the time of appointment, everytime there is a change, first BM of the FY)
- DIR -8 - Disclosure of qualification

COVID – all deadlines extended to 31 Dec

### Case study (non-covid scenario)

For FY 2019-20, AGM to be held latest by 30/9, next AGM will have to be by 30/9  
 Lets say AGM is held on 31 May, next AGM ca be held by 31 Aug (not more than 15 months gap between 2 AGM)

### Case study (non-covid scenario)

For FY 2019-20, if AGM is held on 30 Sept then MGT 7 to be filed by 30 Nov and AOC 4 by 31 Oct

# Compliance calendar



# Calendar

## APRIL

- 7 deposit TDS deducted for the month of March till 30 March
- 11 File GSTR-1 (monthly and for Q4 of previous FY)
- 20\* File GSTR 3B and pay GST liability, if any
- 30 Deposit TDS deducted on March 31

## July

- 7 deposit TDS deducted in June
- 11 File GSTR-1 (monthly and Q1)
- 20\* File GSTR 3B and pay GST liability, if any
- 31 File TDS return for Q1, IT return for non-audit assessees

## May

- 7 deposit TDS deducted in April
- 11 File GSTR-1 (monthly)
- 20\* File GSTR 3B and pay GST liability, if any
- 31 Form 11 (LLP), response to SFT, file TDS return for Q4 of previous FY

## August

- 7 deposit TDS deducted in July
- 11 File GSTR-1 (monthly)
- 20\* File GSTR 3B and pay GST liability, if any

## June

- 7 deposit TDS deducted in May
- 11 File GSTR-1 (monthly)
- 15 Deposit of 15% of advance tax
- 20\* File GSTR 3B and pay GST liability, if any
- 30 DIR KYC  
DPT – 3 (Co)

## September

- 7 deposit TDS deducted in Aug
- 11 File GSTR-1 (monthly)
- 15 Deposit of 45% of advance tax
- 20\* File GSTR 3B and pay GST liability, if any
- 30 AGM, tax audit

Hold a board meeting

Hold a board meeting

\* May vary between 20/22/24 based on states



# Calendar

## October

- 7 deposit TDS deducted in September
- 11 File GSTR-1 (monthly and Q2)
- 20\* File GSTR 3B and pay GST liability, if any
- 31 AOC 4 (Co), Form 8 (LLP), TDS return for Q2, IT return for audit assessees

## January

- 7 deposit TDS deducted in December
- 11 File GSTR-1 (monthly and Q3)
- 20\* File GSTR 3B and pay GST liability, if any
- 31 File TDS return for Q3

## November

- 7 deposit TDS deducted in October
- 11 File GSTR-1 (monthly)
- 20\* File GSTR 3B and pay GST liability, if any
- 30 ITR for TP assessee, Form MGT-7

## February

- 7 deposit TDS deducted in January
- 11 File GSTR-1 (monthly)
- 20\* File GSTR 3B and pay GST liability, if any

## December

- 7 deposit TDS deducted in November
- 11 File GSTR-1 (monthly)
- 15 Deposit of 75% of advance tax
- 20\* File GSTR 3B and pay GST liability, if any
- 31 File belated ITR with penalty of Rs 5000 (Rs 1k in certain cases)

## March

- 7 deposit TDS deducted in Feb
- 11 File GSTR-1 (monthly)
- 15 Deposit of 100% of advance tax
- 20\* File GSTR 3B and pay GST liability, if any
- 31 Belated ITR with penalty of Rs 10,000 (Rs 1K in certain cases)

Hold a board meeting

Hold a board meeting

\* May vary between 20/22/24 based on states



Documents to maintain  
and practical problems

# Documents

Books of accounts and supporting documents must be maintained for 8 years by LLPs and companies, other assesseees – 6 years



## Accounts to be completed on daily basis

The accountant will need sale/purchase/expense invoices, bank statements, Credit card statements, any agreement/contract that will impact financial and statutory obligations



## What will the compliance person need ?

If books of accounts are complete, relevant ledgers such as sales ledger for GSTR-1, expense ledgers for GSTR-3B, relevant ledgers for TDS, challans of TDS deposited else the source documents



## What will the auditor need

Balance sheet and Profit and loss account are reports generated as a result of the accounting process and its preparation is the responsibility of the management.

Auditor is to check whether the balance sheet and profit and loss comply with accounting standards and reflect a true and fair view of the affairs of the entity. Balance sheet, profit and loss account along with notes along with various periodic reports (and other information as requested by auditor) will need to be provided to him

# Some common practical issues observed

- Non maintenance of books of accounts periodically
- Non deduction and non deposit of TDS
- petty loans taken by companies from friends and family
- Rotation of financial transactions (loan taken by founder in personal account, payment from company account)
- Use of funds received on fund raise before allotment of shares
- Delay in filing GST returns due to lack of funds
- year end preparation of books of accounts leads to issues that could have been resolved earlier with no/minimum penalties
- Assessee in default, interest at the rate of 3%, disallowance of 30% of expense which increases tax liability
- Contravention of Companies Act, report to be given in DPT-3, penalties may extend to Rs 10 cr
- Red flag by auditor
- Contravention of companies Act
- Interest liability on GST



Mumbai Angels Network



# Thank You