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**Aalok Mehta**

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**Aloke R. Singh**  
**Jatin N. Chheda**

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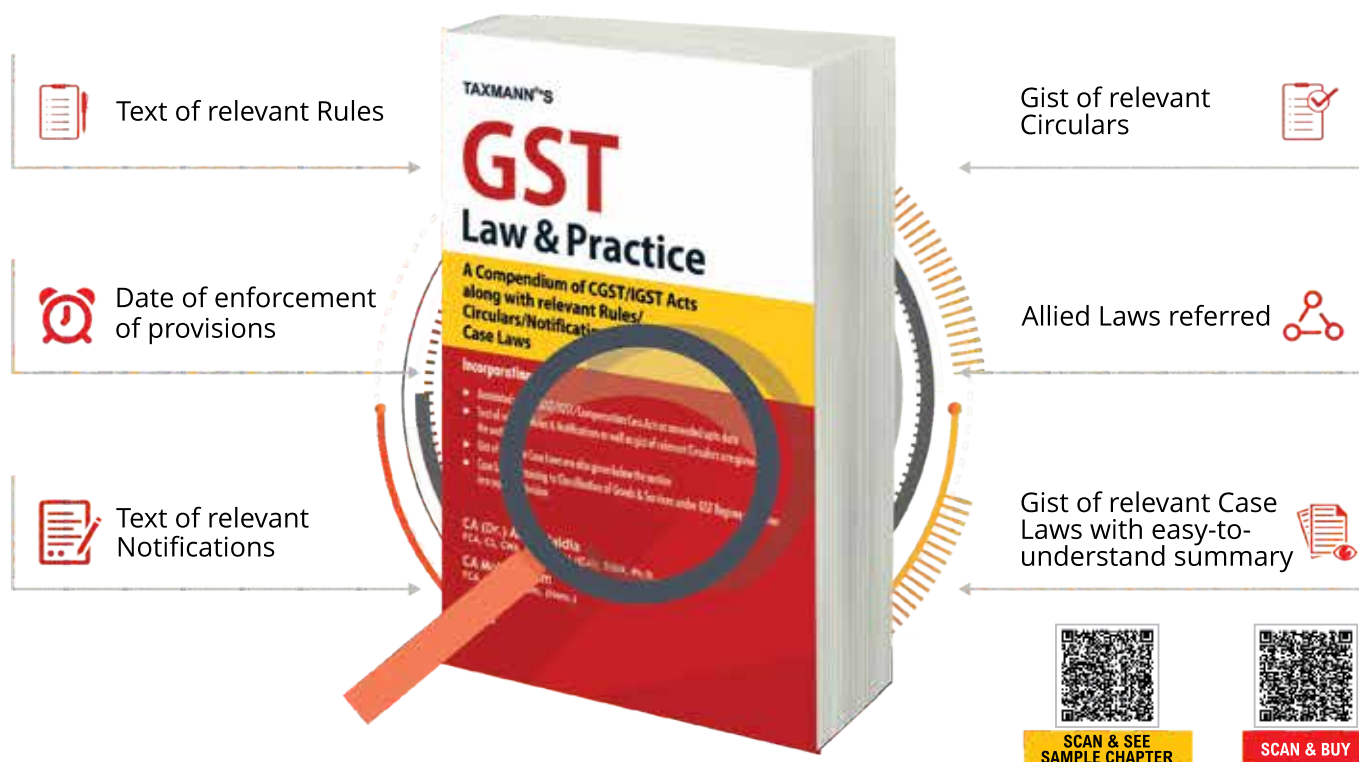
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# GST LAW & PRACTICE

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## THE GOODS & SERVICES TAX PRACTITIONERS' ASSOCIATION OF MAHARASHTRA INTENSIVE STUDY COURSE CIRCULAR FOR THE YEAR 2020-21

Respected Members,

It's been more than 3 years since GST Act was implemented. However, with the amount of changes and frequent amendments, it still remains an evolving Act. Everyone is well aware about the practical difficulties faced while applying the rules and procedures laid down under the GST Act. With a view to update our fellow members on the latest development in law and to discuss the practical issues arising there from, our association has been regularly conducting Intensive Study Course. This year the Intensive Study Course is designed to enable the members to study and discuss various issues on GST Law.

We have started our Intensive Study Course for the year 2020-21 from Saturday, 28-11-2020 onwards.

The Intensive Study Course is designed as a group discussion to facilitate the members to study and discuss various issues in group. The group leader of the discussion, at the Intensive Study Course, leads the discussion on issues of the relevant subject / topic and one of the seniors in the profession monitors the discussion.

The meetings are generally arranged on Saturdays of the month at Mazgaon GSTPAM Library. However, due to the various measures taken on account Covid-19 pandemic, we are going to hold sessions on virtual platform only for the current year.

The group strength is restricted to a limited number of members to facilitate better interaction within the group. The Intensive Study Course Fee is fixed at Rs. 1,000/- (plus GST) for Members and Rs.1,500/- (plus GST) for Non-Members.

You are requested to enroll at the earliest to avoid disappointment. Kindly use photocopy of the Enrolment form printed here in below. Also write your email address and mobile number for better communication.

Member interested to act as group leader should inform by filling up the option in the Form of "I wish to be a group leader for the subject" and are requested to contact the Convener on the mobile numbers mentioned below.

### **Note:**

GST lectures will be in form of group discussion, which will be helpful to study the new law.

If the materials are received 3 days earlier to the date of meeting, the same will be circulated through mails & WhatsApp to the participants.

**Sunil Khushlani**  
Chairman  
9820058607

**Rahul Thakar**  
Convenor  
9821965244

**Premal Gandhi**  
Convenor  
9324383636

**THE GOODS & SERVICES TAX PRACTITIONERS' ASSOCIATION OF MAHARASHTRA**  
**SCHEDULE FOR INTENSIVE STUDY CIRCLE 2020-21**

**SCHEDULE FROM 30-01-2021 TO 05-06-2021 :**

<b>Sr. No.</b>	<b>Date</b>	<b>Day</b>	<b>TIME</b>	<b>Topic</b>
1	30/01/2021	Saturday	4.00 pm TO 7.00 pm	Assessment and Adjudication under GST
2	06/02/2021	Saturday	4.00 pm TO 7.00 pm	Mixed & Composite Supply
3	27/02/2021	Saturday	4.00 pm TO 7.00 pm	Valuation of Supply under GST
4	06/03/2021	Saturday	4.00 pm TO 7.00 pm	Issues in Refund under GST
5	27/03/2021	Saturday	4.00 pm TO 7.00 pm	Issues in RCM, TDS, TCS
6	03/04/2021	Saturday	4.00 pm TO 7.00 pm	Issues in Hospitality Industry
7	24/04/2021	Saturday	4.00 pm TO 7.00 pm	Issue in Logistics Industry
8	08/05/2021	Saturday	4.00 pm TO 7.00 pm	Issues in Real Estate
9	22/05/2021	Saturday	4.00 pm TO 7.00 pm	Issues in Job-Work Industry
10	29/05/2021	Saturday	4.00 pm TO 7.00 pm	Issues in AAR and Important Judgment under GST
11	05/06/2021	Saturday	4.00 pm TO 7.00 pm	Issues in Time of Supply under GST
12	12/06/2021	Saturday	4.00 pm TO 7.00 pm	Issues in Place of Supply under GST

*Please Note: News Bulletin are also available on the website of GSTPAM.*

## ACCESS TO VIDEOS OF WORKSHOPS

### OPPORTUNITY MISSED IS NOT OPPORTUNITY LOST

Dear Members,

In this Pandemic times, GSTPAM had organized various webinars and workshops for the benefit of our members, to enhance their knowledge and update them with the matters related to GST and judgements by the learned speakers on the specific important and relevant topics.

Those who attended, appreciated all these workshops. However, everyone did not have a chance to attend these paid workshops due to their own reasons.

The following five paid workshops which were held by GSTPAM and charged as below:

WORKSHOP NAME	MEMBER FEES (EXCLUDING GST)	NON-MEMBER FEES (EXCLUDING GST)
Excel Evenings	400	600
Customs	1000	1300
Panel Discussion on GST	500	700
Charitable Trust	300	450
GSTRC 9 & 9C	250	400
<b>TOTAL</b>	<b>2450</b>	<b>3450</b>

On this occasion of festivals and New Year, GSTPAM has offered this special price to share all the above workshop videos at the given nominal price to our members and non-members. Access will be available until **31st October, 2021**.

So, we at GSTPAM have launched this: **Access to Videos Series of Workshop Recordings**, at a nominal price of

**Rs. 825/- + GST for Members and**

**Rs. 1200/- + GST for Non-members**

Link for Payment:

<http://bit.ly/accessvideos-workshops>

Do avail the benefit of this if you have missed the opportunity to attend these workshops and enhance and refresh your knowledge on the above topics. Link for payment will be circulated on WhatsApp and you can also pay for the same on the website.

HAPPY LEARNING!

BEST WISHES,

**Raj Shah**  
**PRESIDENT**  
**GSTPAM**

**Pranav Kapadia**  
**CHAIRMAN**  
**I.T. COMMITTEE**

**Sejal Shah**  
**CONVENOR**  
**I.T. COMMITTEE**



## GST, MVAT & ALLIED LAW UPDATES

Compiled by  
STP Pravin Shinde



Central Tax Notification		
Notification No.	Date of Issue	Subject
91/2020	14.12.2020	Seeks to extend the due dates for compliances and actions in respect of anti-profiteering measures under GST till 31.03.2021.
92/2020	22.12.2020	Seeks to bring into force Sections 119,120,121,122,123,124,126,127 and 131 of Finance Act, 2020(12 of 2020).
93/2020	22.12.2020	Seeks to waive late fee for FORM GSTR-4 filing in UT of Ladakh for Financial year 2019-20.
94/2020	22.12.2020	Seeks to make the Fourteenth amendment (2020) to the CGST Rules, 2017.
95/2020	30.12.2020	Seeks to extend the time limit for furnishing of the annual return specified under section 44 of CGST Act, 2017 for the financial year 2019-20 till 28.02.2021.
01/2021	01.01.2021	Seeks to make amendment (2021) to CGST Rules, 2017.

Circular under CGST Act		
Circular No.	Date of Issue	Subject
144/14/2020 GST	15.12.2020	Waiver from recording of UIN on the invoices for the months of April 2020 to March 2021.

Circular under MVAT Act		
Circular No.	Date of Issue	Subject
13T of 2020	21.12.2020	General procedure for GST Audit under section 65 of the MGST Act 2017

## INCOME TAX CIRCULARS & NOTIFICATIONS

Compiled by  
CA. Alope R. Singh



Income Tax Circulars		
Notification No.	Date of Issue	Subject
90/2020	15-12-2020	Notification u/s 138 for sharing of information with "Secretary, Citizen Resources Information Department, Govt. of Haryana"
91/2020	24-12-2020	Exemption u/s 10(46) of the Income Tax Act, 1961, of specified income of 'Yamuna Expressway Industrial Development Authority', (PAN AAALT0341D), an authority constituted by the State Government of Uttar Pradesh.
92/2020	31-12-2020	<p>In exercise of the powers conferred by section 3 of the Direct Tax Vivad se Vishwas Act, 2020 (3 of 2020), the Central Government hereby makes the following amendment in the notification of the Government of India, Ministry of Finance, (Department of Revenue), Central Board of Direct Taxes, number 85/2020, dated the 27th October, 2020, published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), vide number S.O. 3847(E), dated 27th October, 2020, namely:-</p> <p>In the said notification, in clause (a), for the words, figures and letters "the 31st day of December, 2020", the words, figures and letters "the 31st day of January, 2021" shall be substituted.</p>
93/2020	31-12-2020	In exercise of the powers conferred by section 3(1) 3 of the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and in supersession of the notification of the Government of India in the Ministry of Finance, (Department of Revenue) No. 88/2020 dated the 29th October, 2020, published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii), vide number S.O. 3906(E), dated the 29th October, 2020, except as respects things done or omitted to be done before such supersession, the Central Government hereby specifies, for the completion or compliance of action referred to in this notification.



## INCOME TAX UPDATES

By Mr. Ajay Talreja



### Whether if acquisition of the machine is not for extension of existing business, therefore interest paid on loan used to purchase same is to be allowed as deduction: YES : ITAT

Case Name	KB Mehta Construction Pvt Ltd vs. DCIT	
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The assessee company engaged in the business of industrial and commercial construction, had filed return for relevant AY. The AO during the assessment proceedings found that the assessee had acquired a machine on the loan taken from ICICI Bank, which was put to use as on 30th September 2011 (the year under consideration). Accordingly the AO was of the view that the interest expenses up to the date 30th September 2011 when the assets was put to use needs to be capitalized under the provisions of section 36(1)(iii) of the Act. Accordingly the AO worked out the amount of proportionate interest of Rs. 3,11,010/- and added to the total income of the assessee. The CIT(A) confirmed the order of the AO.

#### On appeal, Tribunal held that,

++ the amount was borrowed dated 29th December 2010 in the immediate preceding year and the assessee claimed the interest expenses up to 31st March 2011 on such loan as revenue expenses in the FY 2010-11. But the same was disallowed by the AO on the reasoning that the asset was not put to use. However, on perusal of the order of the ITAT bearing ITA No. 928/AHD/2016 dated 20 January 2020, it was noted that the acquisition of the assets was not for extension of existing business and therefore the interest paid thereon was allowed as deduction. The issue involved in the case on hand is identical. Therefore, respectfully following the same, it was decided to set aside the finding of the CIT (A) and direct the AO to delete the addition made by him.

### Software Expenses on Upgradation allowed as Revenue Expense

Case Name	Addl. CIT vs. TV Today Network Ltd	(ITAT Delhi)
Appeal Number	ITA No. 4419/Del/2017	
Date of Judgement/Order	09/06/2020	Related A Y 2011-12

#### The issue under consideration is whether the software expenses are allowed as revenue expenditure?

The assessee company was engaged in the business of broadcasting, telecasting, relaying transmitting, distributing audio, video and other programs of software for television, radio and other media. During the assessment AO has disallowed software expenses by treating it as a capital expenditure. The assessee explained that these are the upgradation or purchase of the application software and revenue expenditure in nature because there is no enduring benefit available to the assessee. The learned assessing officer rejected the explanation of the assessee and granted assessee 60% of the depreciation holding that software expenditure is a capital expenditure in nature.

ITAT states that, software expenditure incurred by the assessee is an application software for upgradation. The assessee has not incurred any expenditure on acquiring any asset of enduring nature. ITAT further relied upon the decision of the Hon'ble Delhi High Court in case of Ashahi Glass Works Limited. In view of this ITAT do not find any infirmity in the order of the CIT-A in deleting the above disallowance. Accordingly Appeal filed by the department has been dismissed.

**Section 69C - No addition on mere Sales Tax Department information**

Case Name	PCIT vs. Vaman International Pvt. Ltd.	(Bombay High Court)
Appeal Number	Income Tax Appeal No. 1940 of 2017	
Date of Judgement/Order	29/01/2020	Related A Y 2010-11

**The issue under consideration is whether the Tribunal was justified in holding that provisions of section 69C of the Income Tax Act, 1961 are not applicable for assessee?**

High Court states that, the assessee had filed copies of purchase bills, copies of purchase/ sale invoices, challan cum tax invoices in respect of the purchases, extracts of stock ledger showing entry/exit of the materials purchased, copies of bank statements to show that payment for such purchases were made through regular banking channels, etc., to establish the genuineness of the purchases. Whereas Assessing Officer could not bring on record any material evidence to show that the purchases were bogus. Mere reliance by the Assessing Officer on information obtained from the Sales Tax Department or the statements of two persons made before the Sales Tax Department would not be sufficient to treat the purchases as bogus and thereafter to make addition under Section 69C of the Act. If the Assessing Officer had doubted the genuineness of the purchases, it was incumbent upon the Assessing Officer to have caused further enquiries in the matter to ascertain genuineness or otherwise of the transaction and to have given an opportunity to the assessee to examine/cross-examine those two parties vis-a-vis the statements made by them before the Sales Tax Department. Without causing such further enquiries in respect of the purchases, it was not open to the Assessing Officer to make the addition under Section 69C of the Act.

Accordingly, Appeal filed by Revenue is accordingly dismissed.

**Assessment Order passed on Dead Person is Void ab Initio**

Case Name	Late Shri Keshavlal Somnath Panchal Through Widow & Legal Heir vs. ITO	(ITAT Ahmedabad)
Appeal Number	ITA No.159/Ahd/2020	
Date of Judgement/Order	16/03/2020	Related A Y 2017-18

**The issue under consideration is whether the order passed in the name of deceased person is justified in law?**

ITAT states that before service of notice under section 142(1) Shri Keshavlal Somnath Panchal had already expired. His legal heirs did not file return for this assessment year. Therefore, the right course for the AO is to find out L/Rs, and more particularly, L/R who has inherited assets and liabilities of Shri Keshavlal Somnath Panchal because L/R is liable to pay taxes of the deceased only equivalent to the property inherited from the For example, in the present case, if the assessment order is finalized, but later on Smt. Champaben Keshavlal Patel comes forward and states that she has not inherited any property from Shri Keshavlal Somnath Panchal, then demand cannot be recovered. Other L/Rs. if any would take an objection that they have not served any notice under section 142(1) or under section 148 etc. Therefore, procedure followed by the AO in the present case is patently illegal. Service of notice upon a dead person under section 142(1) would not authorise him to assume jurisdiction to pass assessment order on the L/Rs. also. The right course for him is to explore jurisdiction for issuing a notice on the L/Rs. of Shri Keshavlal Somnath Panchal. Therefore, we set aside the orders of the Id.CIT(A) and restore the issue to the file of the CIT(A) for re-adjudication.

## Business Promotion Expenses for Precious items allowed partially considering nexus with Turnover

Case Name	Rajeev Verma vs. ACIT	(ITAT Delhi)
Appeal Number	ITA No. 6143/Del/2016	
Date of Judgement/Order	02/07/2020	Related A Y 2012-13

### The issue under consideration is whether AO and CIT(A) are correct in disallowing the Business Promotional Expenditure declared by the assessee?

In the present case, during the course of assessment proceedings, the Assessing Officer (AO) observed that the assessee had debited an amount as business promotion expenses and the assessee was required to furnish detailed ledger account of these expenses. From the perusal of the ledger account it was observed that the major part of the expenditure was towards purchase of precious items, gold items and cash payments for various gift items. The AO required the assessee to further explain as to how these business promotion expenses had helped in promotion of the business as many of the payments were in cash or were for purchase of jewellery and other precious items. The AO also pointed out some discrepancies in the serial number of the bills and their corresponding dates and, thereafter, went on to disallow an amount and added the same to the income of the assessee.

ITAT states that, there is no denying that the gross turn-over of the assessee has been increasing. Even the profit returned by the assessee has shown the corresponding proportional increase. The only failure on the part of the assessee has been that he could not establish the business nexus of the impugned expenditure to the satisfaction of the lower authorities. It is the opinion of the lower authorities that the assessee could not establish a link between the gifts given and the sales orders received. However, it may not be practically possible for all businesses to maintain a complete list of the gifts given to their various customers and demonstrate that a particular sales order was received as a result of a particular gift. The Act also does not prescribe demonstrating such live linkage. In the present case, there is no denial by the department that the assessee has been carrying on business regularly, the department also does not allege that there is any personal element involved in the impugned expenditure. It is also an accepted business practice in India that customary gifts are usually handed out during festive occasions. Although, handing out gold items or semi-precious items may be frowned upon by the revenue authorities, all the same it cannot be a reason for disallowing the expenditure, especially when it is settled law that the revenue cannot step into the shoes of a businessman and direct how the business should be conducted. However, ITAT also feel that the reasonableness of quantum of expenditure vis a vis the turnover would have to be justifiable. Accordingly, it is our considered opinion that interest of justice would be served if the disallowance is restricted to 40% of the initial total disallowance.

Therefore, the appeal of the assessee partly allowed.

### Consider new claims of Assessee made before Appellate Authorities without revising Return: ITAT directs AO

Case Name	Tolani Shipping Co. Ltd. vs. DCIT	(ITAT Mumbai)
Appeal Number	ITA No. 4136/Mum/2017	
Date of Judgement/Order	13/03/2020	Related A Y 2011-12

### The issue under consideration is whether the assessee is seeking change in Income Tax Return by way of raising additional grounds of appeal in front of the tribunal and not filing Revised return will be entertained by the Tribunal?

ITAT states that, in additional grounds of appeal, the assessee is seeking exclusion of all the above stated items while computing book profits u/s 115JB. So far as all these grounds are concerned, they find that lower authorities refused to admit the assessee's revised computation of income in terms

of ratio of Hon'ble Apex Court rendered in Goetz India Ltd. vs. CIT 284 ITR 323 which mandate the assessee to claim deduction by filing a revised return only. No findings on merits have been rendered by lower authorities on any of these issues. It is settled law that there is no bar on the appellate authorities to entertain the same. Further, equity demands that correct income of the assessee be ascertained. Therefore, without delving much deeper, keeping all the issues open, ITAT direct Ld.AO to consider all these claims and remit the matter back to the file of Ld. AO. The Ld. AO is directed to adjudicate the same in the light of the submissions made by the assessee that the aforesaid items would constitute business income for the assessee and secondly, these arise out of shipping business being carried out by the assessee. These grounds stand allowed for statistical purposes.

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**Members' kind Attention is requested towards the following :**

1. GST Review is now being sent physically by post. Members who have not paid subscription charges for GST Review may pay the same by clicking on <https://www.stpam.org/payonline/845>
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3. Members who have not renewed their membership may renew it by clicking on <https://www.stpam.org/payonline/845>

## CUSTOM & FOREIGN TRADE POLICY UPDATES



By CA. Ashit Shah

### 1. Odoriferous preparations:

Import of preparations for perfuming or deodorizing rooms, including odoriferous preparations used during religious rites covered under HSN 330749 00 of ITC (HS), 2017 is amended and now it can be import "freely".

*[N. No. 54/2015 – 2020 – DGFT, dated 1st January, 2020]*

### 2. Rice:

Export of Rice (Basmati & Non-Basmati Rice) covered under Chapter 10 to EU member's states and other European Countries viz. Iceland, Liechtenstein, Norway and Switzerland only will require Certificate of Inspection from Export Inspection Council (EIC) or Export Inspection Agency (EIA). Exports to remaining European Countries (except Iceland, Liechtenstein, Norway and Switzerland) will require Certificate of Inspection from Export Inspection Council (EIC) or Export Inspection Agency (EIA) from 1st July, 2021.

*[N. No. 51/2015 – 2020 – DGFT, dated 29th December, 2020]*

### 3. Onions:

Exports of all varieties of Onions covered under Chapter 7 (07031010 & 07122000) i.e. all varieties of Onions including Bangalore Rose and Krishnapuram Onions excluding cut, sliced or broken in powder form has been made "Free" to exports without any conditions from 1st January, 2021 from present "prohibited" category.

*[N. No. 50/2015 – 2020 – DGFT, dated 29th December, 2020]*

### 4. Medical Goggles and Nitrite Gloves:

Exports of medical goggles and nitrite gloves / NBR gloves covered under Chapter 9018 and 3926904015 is amended from "restricted" category to "Free" category making all types of medical goggles and nitrite gloves / NBR gloves freely exportable.

*[N. No. 47/2015 – 2020 – DGFT, dated 22nd December, 2020]*

### 5. Dimethylacetamide:

Anti-dumping duty (ADD) on imports of Dimethylacetamide originated in or exported from China PR and Turkey, to exclude goods viz. when meant for consumption in spandex yarn manufacturing and certain specification from the product under consideration.

*[N. No. 47/2020 – Customs (ADD), dated 15th December, 2020]*

### 6. Yarns:

Revoke Anti-dumping duty (ADD) imposed on "All Fully drawn or Fully Oriented Yarn/ Spin Draw Yarn/ Flat yarn of polyester (non-textured and non-POY)" originating in or exported from China PR and Thailand vide N. No. 51/2015, dated 21st October, 2015.

## AMENDMENTS RELATING TO CHARITABLE & RELIGIOUS TRUST



By Adv. Hemant Gandhi & CA Premal Gandhi

### Drafting of Trust Deed: Points to be considered.

#### 1. Irrevocability of the Trust and Discretionary Powers of the Trustees:

The Settlor nor the Trustees have power or authority to alter or amend the Trust Deed after dedication of Trust Fund and/or Trust property. However, if such alteration or amendment is clearly specified in the Trust Deed with conditions or without conditions attached to such alteration or amendment proposed. Then it becomes imperative that while drafting the Trust Deed enough care should be taken to provide for future exigencies or formalities/ provisions specified by laws which may be made applicable retrospectively or otherwise. Such guard against future probabilities has been accepted in the case of *DIT v. Ramoji Foundation (2015) 55 Taxman 95*.

Generally, while considering such applications u/s 12A of the Income-tax Act, 1961. The Income-tax Department is closely analyzing whether the Trust Deed contains the Irrevocability clause. As a matter of Fact, in the form 10 B which is filed for obtaining registration under the above sections, it very clearly states whether the Trust Deed contains irrevocability clause or not. It also closely scrutinizing the discretionary powers to the Trustees provided in the Trust Deed.

In most of the cases of old Trust Deeds the same are executed in early or late Nineties these provisions were not incorporated and the I.T. Department is now insisting to get the Trust Deed amended and to get the same approved by the Charity Commissioners Office.

The Maharashtra Public Trust Act, 1951 has no provision allowing the authority under the Act for granting an approval to the amendment proposed in the Trust Deed. Therefore, the only option available to the Trustees is either to get a Scheme framed and approved by Charity Authority u/s 50A of The Maharashtra Public Trust Act, 1951 or seek permission from the Authority of the Charity Commissioner Office u/s 51 of The Maharashtra Public Trust Act, 1951 file an amendment with the jurisdictional Civil Court for amending the Trust Deed.

In the state of Maharashtra Charitable Trusts, Societies or NGOS are compulsory required to get registered with Charity Commissioner Office under the provisions of the Maharashtra Public Trust Act, 1951 and said registration is followed as prerequisite for considering the application U/s 12A or 12AA of the Income Tax Act, 1961.

Section 92 of the Code of Civil Procedure does not empower the civil court to alter or rectify the terms of a trust. However, the Supreme Court, though, in the case of *Kamla Town Trust v. CIT (1982) 133 ITR 632 (ALL)* has observed that even a civil court does not have power to amend a Trust Deed. However, an application for amendment in Trust Deed could be made under Section 26 of the Specific Relief Act, 1963, if the amendment becomes necessary under the doctrine of Cypruss i.e. the original intent of settlor could not fail. Similarly, in the case of *Laxminarayan Lath Trust v. CIT (1998) 99 Taxman, 332 (Raj)* it was held that a supplementary trust deed permitted by the appropriate civil court was legally valid and binding on the department.

Thus it is clear that in case of the necessity for amendment in Trust Deed the option available is either to approach the Charity Commissioner office, after incorporating necessary clauses, in the draft Scheme by filling application for framing the Scheme for smooth administration and management of the Trust or to go to the jurisdictional civil court seeking approval for such supplementary or rectified Trust Deed.



**2. Objects Clause: This is one of the main clauses or the operative clause of the Trust Deed.**

A lot of professional judgement is required in drafting this clause. At times, the professional needs to think far-fetched while drafting this clause to incorporate many activities which the Trustees may ideally want to carry out in future. A crucial aspect to be considered while drafting this clause is that there is no provision under the various Public Trusts Acts (including the Maharashtra Public Trusts Act, 1950) to legally terminate or dissolve a valid public charitable trust. The only way to close down/wind the above trust is to amalgamate the same with another Trust having similar objects. An application u/s 50a of the Maharashtra Public Trust Act must be made to the Charity Commissioner in the prescribed format. The Charity Commissioner that in the interest of the proper management or administration, may allow two or more public trusts may be amalgamated by framing a common scheme for the same based on common object of the Trusts. The amalgamation can again be only done by way of an approval of scheme by the Charity Commissioner or by an application to the city civil court. So, the object clause would also play a crucial part in amalgamation of Trust.

In case of any queries, you may feel free to contact us on [premal@pgsca.in](mailto:premal@pgsca.in)

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## UPDATES ON ESIC

By CA. Alope R. Singh



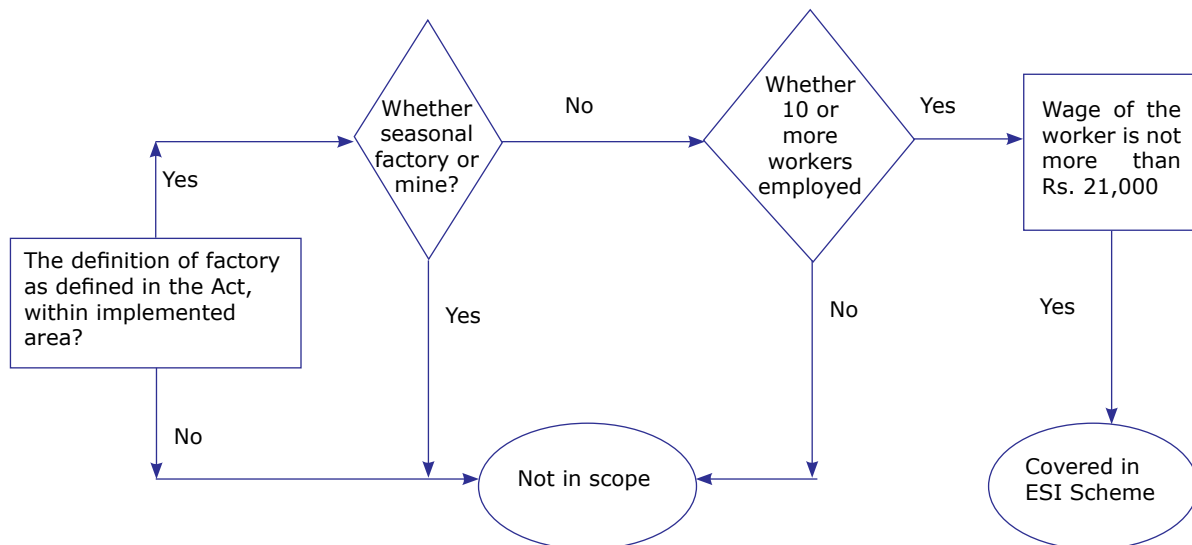
Employees' State Insurance Corporation ("ESIC") is a statutory corporate body set up under the ESI Act 1948, which is responsible for the administration of ESI Scheme. The ESI scheme is a self-financed comprehensive social security scheme devised to protect the employees covered under the scheme against financial distress arising out of events of sickness, disablement or death due to employment injuries.

The ESIC has its headquarters at New Delhi besides 23 regional offices, 26 sub-regional offices in the states and over 800 local offices throughout the country to support the implementation of ESI scheme. In addition, the Medical Benefit Council, a specialized body that advises the ESIC on the administration of Medical benefit is functioning.

### Applicability of the ESI scheme

The ESI scheme is applicable to all factories and other establishments as defined in the Act with 10 or more persons employed in such establishment and the beneficiaries' monthly wage does not exceed Rs 21,000 are covered under the scheme. Whether the employer has employed 10 or more employees, all employees employed by the employer, agnostic of the salary are reckoned.

The applicability of the scheme is explained through a flow chart below:



Note :

The scheme under the act also supports restaurants, motor road transports, newspaper establishments and undertakings, movies and purview theatres, hotels, shops.

The threshold for coverage of establishment is 20 employees in Maharashtra.

### Features of the scheme

Complete medical care and attention are provided by the scheme to the employee registered under the ESI Act, 1948 at the time of his incapacity, restoration of his health and working capacity. During

absenteeism from work due to illness, maternity or factories accidents which result in loss of wages complete financial assistance is provided to the employees to compensate for the wage loss. The scheme provides medical care to family members also. As on 31 March 2019, 3.14 crore employees are covered under this scheme with the total number of beneficiaries summing up to 13.32 crores. Broadly, the benefits under this scheme are categorized under two categories, 1) cash benefits (which includes sickness, maternity, disablement (temporary and permanent), funeral expenses, rehabilitation allowance, vocational rehabilitation and medical bonus) and, 2) non-cash benefits through medical care.

The scheme is self-financing and being contributory in nature. The funds under the ESI scheme are primarily built out of the contribution from the employees and employers payable monthly at a fixed percentage of wages paid. Currently, the employee contribution rate is 0.75% of the wages and that of employers is 3.25% of the wages paid. The employer makes the contribution from his own share in favor of those employees whose daily average wage is Rs 137 as these employees are exempted from own contribution. The employer is required to pay his contribution and deduct employees' contribution from wages and deposit the same with ESIC within 15 days from the last day of the calendar month in which the contribution fall due. The payment can either be done online or through designated and authorized public sector banks.

<b>ESIC contribution rates (Reduced w.e.f. 01/07/2019)</b>		
<b>Particulars</b>	<b>Rate prior to 01.07.2019</b>	<b>Reduced Rate w.e.f. 01.07.2019</b>
Employer Share	4.00%	3.25%
Employee Share	1.00%	0.75%
<b>Total</b>	<b>5.00%</b>	<b>4.00%</b>

## Contribution

E.S.I. Scheme being contributory in nature, all the employees in the factories or establishments to which the Act applies shall be insured in a manner provided by the Act. The contribution payable to the Corporation in respect of an employee shall comprise of employer's contribution and employee's contribution at a specified rate. The rates are revised from time to time. Currently, the employee's contribution rate (w.e.f. 01.07.2019) is 0.75% of the wages and that of employer's is 3.25% of the wages paid/payable in respect of the employees in every wage period. Employees in receipt of a daily average wage upto Rs.137/- are exempted from payment of contribution. Employers will however contribute their own share in respect of these employees.

## Collection of Contribution

An employer is liable to pay his contribution in respect of every employee and deduct employees contribution from wages bill and shall pay these contributions at the above specified rates to the Corporation within 15 days of the last day of the Calendar month in which the contributions fall due. The Corporation has authorized designated branches of the State Bank of India and some other banks to receive the payments on its behalf.

## Contribution Period and Benefit Period

There are two contribution periods each of six months duration and two corresponding benefit periods also of six months duration as under.

### Contribution period Corresponding Cash Benefit period

<b>Contribution Period</b>	<b>Cash Benefit Period</b>
1st April to 30th Sept.	1st Jan of the following year to 30th June
1st Oct to 31st March of the year following.	1st July to 31st December.

## THREE DIMENSIONS OF INVESTMENTS

By Mr. Tushar P. Joshi



We always have doubt in mind, "Where should I Invest?" "What is the best investments?"

I answer this question in three statements:

- 1) There is nothing that can be called as the best investments.
- 2) It is in the Mix and
- 3) There is no standard Mix.

You would have heard the phrase "An apple a day keeps doctor away". That means the apple is quite nutritious, so eating it daily can avoid falling ill. Ok, if apple is so good, then why not eat only apple for breakfast, only apple for lunch and only apple for dinner for six months continuously?

Apple is good, but only apple is bad. We need carbohydrates from starch, fibres from some vegetables, vitamins from other sources, so Apple is good, only apple is bad.

An Investment in

- (a) Gold is good, but only in Gold is bad
- (b) Equity market is good, but only Equity market is bad,
- (c) Real estate is good, but only Real estate is bad
- (d) Bank deposits is good but only Bank Deposits is bad.

Suppose you have Stomach-ache and you visit the doctor for medicine, and at the same clinic you meet another person with Stomach-ache, then you both decide, that one of us go to the doctor and whatever medicine he gives, you will share, do you think it is a wise thing to do?

No it could be quite risky. The same thing people do when it comes to investments. My neighbours have invested in stocks, I must also invest in stocks. They have invested in properties, I must also invest in property whether it is correct practice?

The other day I was travelling by car and the FM radio was on, there was an Investor's Guide program was on. One investor calls in and says that he had invested Rs.5,00,000 in 'ABC' fund and in the last 18 months it has not grown and it has come to Rs.4,20,000 now, what should he do with that now? The so called "Expert" at the studio says "Immediately close this 'ABC' fund and get out of it and invest it in 'XYZ' fund that is quite promising."

Is this the way to advise an investor? Do you think it is a correct way of Investment? Does the "expert" know the risk profile of the investor who had called? Does he know when this person will require money? For what purpose he will require money? Let us say this investor has a daughter aged around 23 yrs who might get married in the next two years and he may need money for that, can 'XYZ' fund offer that Liquidity?

Let me further explain this with an example. Let's say Mr. Chirag and Mr. Pravin are working in the same company and both are drawing equal amount as salary, both are of the same age 30 years and let us say their family size is also same. But Mr. Chirag has inherited Rs.10 Crore property from his parents and Mr. Pravin is in a debt of about 10L arising out of a loss in business of his father. Can we

recommend the same type of investments for both? The capacity to take risks in Investments for Mr. Chirag is big, whereas Mr. Pravin cannot afford to take risk now.

So let me repeat.

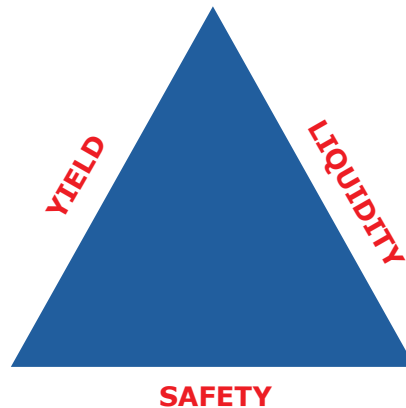
- 1) There is nothing that can be called as the best investment.
- 2) It is in the mix.
- 3) There is no standard mix.

Now you will think what is mix?

In any investment there are 3 dimensions,

- 1) Safely,
- 2) Liquidity and
- 3) Yield.

### THREE DIMENSIONS OF ASSETS



If the surface area is constant, then if you expand one side then one of the other two sides or one side of this triangle gets affected.

Many times people want an investment which is rock solid, safe like a government backed security and 100% liquid like cash on hand and also provide 40% yield year on year. There is no such investment and no such investment can ever be done in future too.

Let me give you an exercise here, take a new sheet of paper and solve this question below by giving a rating ranging from 1 to 10 scale, 10 meaning maximum and 1 meaning the least. Mail me the working sheet, I will correct the same, if required and send you back the corrected answer.

	Safety 1-10	Liquidity 1-10	Yield 1-10
BANK DEPOSIT			
REAL ESTATE			
GOLD			
EQUITIES			
LIFE INSURANCE ENDOWMENT POLICIES			

## UPDATES ON FINANCE

Compiled by  
CA. Pratik B. Satyuga



### Highest 1 Year FD Rates (As on 05th January 2021) < ₹ 2 Crore.

Institution	1 Year FD Rate
Indusind Bank	7.00%
Jana Small Finance Bank	6.90%
Yes Bank	6.75%
Equitas Small Finance Bank	6.75%
RBL Bank	6.75%

**Note :** Senior Citizens would generally get 0.50% more than the above mentioned rates.

### Post Office Deposit Rates (As on 05th January 2021).

Particulars	Rate of Interest	Maximum Deposit (₹)
Post Office Saving Account	4.00% p.a.	No Limit
National Saving Recurring Deposit Account	5.8% p.a. (Quarterly Compounded)	No Limit
National Saving Time Deposit Account	5.5% p.a. (Upto 3 Yrs)	No Limit
Senior Citizen Saving Scheme Account (SCSS)	7.40% p.a.	15,00,000/- p.a.
Public Provident Fund (PPF)	7.1% p.a. (Annually Compounded)	1,50,000/- p.a.
National Savings Certificates (NSC)	6.8% p.a. (Annually Compounded)	No Limit
Kisan Vikas Patra (KVP)	6.9% p.a. (Annually Compounded)	No Limit
Sukanya Samriddhi Accounts	7.6% p.a. (Annually Compounded)	1,50,000/- p.a.

### Lowest Home loan Rates for Self Employed Professionals (As on 05th January 2021).

Institution	Rate
Bank of India	6.85% onwards
Kotak Mahindra Bank	6.85% onwards
Union Bank of India	6.90% onwards
HDFC Bank	6.90% onwards
ICICI Bank	6.90% onwards



**Top Performing Mutual Funds (As on 06th January 2021)**

Fund Name	Current NAV	1 Year Returns
BOI AXA Tax Advantage – Direct (G)	83.03	39.1%
BOI AXA Tax Advantage – Retail Plan (G)	74.93	37.6%
UTI Equity Fund – Direct (G)	212.08	37.4%
UTI Equity Fund (G)	204.59	36.4%

**Major Currency Rates (As on 05th January 2021).**

Country	Value of	In ₹ on 04/12/20	In ₹ on 06/01/21	Change MoM (Rs)
United States of America (USA)	1 USD(\$)	73.79	73.12	-0.91%
United Kingdom (UK)	1 GBP (£)	98.62	99.60	0.99%
European Union (EU)	1 Euro (€)	89.47	90.12	0.73%

**Major Commodity Rates (As on 06th January 2021).**

Commodity	Unit	Rate on 04/12/20	Rate on 06/01/21	Change MoM
Gold (MCX)	10 Gms	49,209.00	50,509.00	2.64%
Silver (MCX)	1 Kg	63,848.00	69,417.00	8.72%
Crude Oil (MCX)	1Unit(BBL)	3,415.00	3721.00	8.96%

**Indian Indices**

Index	1st April 2020	4th Dec 2020	5th Jan 2021	MoM Returns	YTD Returns
Sensex (BSE)	28,265.31	45,079.55	48,437.78	7.45%	71.37%
Nifty 50 (NSE)	8,253.80	13,258.55	14,199.50	7.10%	72.04%
Bank Nifty	18,208.35	30,052.40	31,722.25	5.56%	74.22%

**Global Indices**

Index	1st April 2020	4th Dec 2020	5th Jan 2021	MoM Returns	YTD Returns
Dow Jones (USA)	20,943.51	30218.26	30,391.60	0.57%	45.11%
Nasdaq (USA)	7360.58	12464.23	12,818.96	2.85%	74.16%

**Disclaimer :** Utmost care has been taken to present accurate figures, However the reader is advised to verify the same before taking any financial decision.

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3	21st NNRC Book	100/-
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To