



NEWSLETTER

September 2021

Contents

Reserve Bank of India (RBI)
Ministry of Corporate Affairs (MCA)
Securities Exchange Board of India (SEBI)
Central Board of Direct Taxes (CBDT)
Competition Commission of India (CCI)

Tokenisation – Card Transactions: Permitting Card-on-File Tokenisation (CoFT) Services

The Reserve Bank of India on September 07, 2021 issued a notification on Tokenisation – Card Transactions: Permitting Card-on-File Tokenisation Services in continuation of dated August 25, 2021, on “Tokenisation – Card Transactions: Extending the Scope of Permitted Devices”

To enable cardholders to benefit from the security of tokenised card transactions as also the convenience of CoF, it has been decided to effect several enhancements.

Important points to be considered are as followed:

- With effect from January 1, 2022, no entity in the card transaction/payment chain, other than the card issuers and/or card networks, shall store the actual card data. Any such data stored previously shall be purged.
- For transaction tracking and/or reconciliation purposes, entities can store limited data – last four digits of actual card number and card issuer's name – in compliance with the applicable standards.
- Complete and ongoing compliance with the above by all entities involved, shall be the responsibility of the card networks.

[Click here](#) to view the notification.

RBI asks NBFCs to apply for Aadhaar e-KYC Authentication Licence

The Reserve Bank of India (RBI) on September 30, 2021 issued a notification with regard to Non-banking Finance Companies (NBFCs) to apply for the Aadhaar e-KYC Authentication Licence (If desired) to comply with Section 11A of the Prevention of Money Laundering Act, 2002, which specifies entities other than banking companies may, by notification of the Central Government, be permitted to carry out authentication of client's Aadhaar number using e-KYC facility provided by the Unique Identification Authority of India (UIDAI).

All Non-Banking Finance Companies (NBFCs), Payment System Providers and Payment System Participants desirous of obtaining Aadhaar Authentication License - KYC User Agency (KUA) License or sub-KUA License (to perform authentication through a KUA), issued by the UIDAI, may submit their application to this Department for onward submission to UIDAI. The applications can also be forwarded to cgmaml@rbi.org.in in the format of the application is provided in the Annex to this notification.

[Click here](#) to view the notification.

RBI lays down the conditions for off-setting of CRM under Large Exposures Framework

The Reserve Bank of India on September 09, 2021 issued a notification related to off-setting of Credit Risk Mitigation (CRM) for non-centrally cleared derivative transactions of foreign bank branches in India with their Head Office under their master circular on Large Exposures Framework (LEF). RBI has advised that the Indian branches of foreign banks shall be permitted to reckon cash/unencumbered approved securities, the source of which is interest-free funds from Head Office or remittable surplus retained in Indian books (reserves), held with RBI under 11(2)(b)(i) of the Banking Regulation Act, 1949 as CRM.

For offsetting the gross exposure of the foreign bank branches in India to the Head Office (including overseas branches) for the calculation of LEF limit, subject to the certain conditions.

Excess amount over and above the CRM requirements shall be permitted to be withdrawn subject to certification by the Statutory Auditor and approval of the DoS, RBI. It may be noted that the onus of compliance with the LEF limit at all times shall be on the bank.

RBI has decided to permit foreign banks to exclude derivative contracts executed prior to April 1, 2019 while computing the derivative exposures on their Head Office (including overseas branches).

[Click here](#) to view the notification.

Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021

The Reserve Bank of India (RBI) on September 16, 2021 issued master directions named Reserve Bank of India (Market-makers in OTC Derivatives) Directions, 2021 to repeal certain earlier directions.

These Directions shall apply to entities permitted to act as market-maker in OTC derivatives in terms of the Governing Directions.

The key points of the directions are as followed:

- Governance
- Products
- Risk management
- All risks to which the market-maker is exposed on account of its derivative business shall be identified and risk tolerance levels shall be set.
- Processes shall be established to manage these risks.
- A clear and comprehensive set of limits shall be established to manage these risks.

- Stress testing of risk positions shall be conducted.
- Effective policies, procedures and controls shall be implemented to manage model risk.
- Legal risk, i.e. the risk that a derivative contract is not legally enforceable, should be recognized and the market-makers should seek to manage the same by use of standard documentation (e.g. the ISDA master agreement). Specific documentation, if used, should be subject to documented legal advice.
- Counterparty credit risk from the derivative contract should be recognized and the market-makers should seek to manage the same by undertaking counterparty credit assessment and, wherever permitted, by exchanging appropriate collateral with the counterparty.

- Preservation of records

All business, control and monitoring records should be preserved up to the existing statutory retention periods. Wherever statutory retention periods are not stipulated, such records shall be preserved as per the internal policy of the market-maker subject to the condition that they are preserved for at least two years after the life of the product/transaction. Back up of crucial information and data shall be done and preserved according to the IT policy of the market-maker.

[Click here](#) to view the notification.

RBI issues Master Circular on Investments by Primary (Urban) Co-operative Banks

The Reserve Bank of India (RBI) on September 20, 2021, issued a Master Circular on Investments by Primary (Urban) Co-operative Banks.

The important guidelines of the circular are as followed:

- UCBs should not undertake any purchase/sale transactions with broking firms or other intermediaries on a principal-to-principal basis.
- While undertaking OTC transactions in Government securities, banks should seek a scheduled commercial bank, a Primary Dealer (PD), a financial institution, another UCB, insurance company, mutual fund, or provident fund, as counterparty for their transactions. Preference should be given to direct deals with such counterparties. It will be desirable to check prices from other banks or PDs with whom the UCB may be maintaining a Gilt account.
- Scheduled UCBs may undertake retailing of Government Securities with non-bank clients, such as provident funds, non-banking financial companies, high net worth individuals, etc. subject to the conditions issued by RBI.
- Banks may take advantage of the non-competitive bidding facility in the auction of Government of India dated

securities, provided by the Reserve Bank. Under this scheme, banks may bid up to ₹2 crores (face value) in any auction of Government of India dated securities, either directly, through a bank or through a PD. For availing this facility, no bidding skill is required, as allotment up to ₹2 crores (face value) is made at the weighted average cut-off rate which emerges in the auction. UCBs may also participate directly or through a bank or a PD in the competitive and non-competitive auctions of State Development Loans (SDLs) conducted by the Reserve Bank.

- Gilt Accounts, if opened, should be used for holding the securities and such accounts should be maintained in the same bank with whom the cash account is maintained.
- Eligible UCBs applying for NDS-OM membership need to have the required infrastructure in place for direct access to NDS-OM and also bear the cost involved in setting up the infrastructure. After opening a SGL account with the RBI (which is one of the several requirements to be fulfilled by a UCB for obtaining NDS-OM membership), the UCB concerned cannot open / maintain a gilt account with a CSGL account holder. However, such UCBs can continue to bid for Government securities under the scheme of non-competitive bidding in Government securities.

[Click here](#) to view the notification.

Master Direction- Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021

The Reserve Bank of India (RBI) on September 24, 2021 issued the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.

The following is the applicability for the directions:

- The provisions of these directions shall apply to the following entities (collectively referred to as lenders in these directions) unless specifically mentioned otherwise:
 1. Scheduled Commercial Banks (excluding Regional Rural Banks).
 2. All India Term Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI).
 3. Small Finance Banks.
 4. All Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFCs).
- These directions will be applicable to securitisation transactions undertaken subsequent to the issue of these directions.

[Click here](#) to view the notification.

Master Directions- Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021

The Reserve Bank of India (RBI) on September 24, 2021 issued the Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021.

The following is the applicability of the directions:

- The provisions of these directions shall apply to the following entities (collectively referred to as lenders in these directions), unless specified otherwise:

1. Scheduled Commercial Banks.
2. Regional Rural Banks.
3. Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks.
4. All India Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI).
5. Small Finance Banks.
6. All Non-Banking Finance Companies (NBFCs) including Housing Finance Companies (HFCs).

- No lender shall undertake any loan transfers or acquisitions other than those permitted under these directions and in the manner prescribed therein.

- These directions will be applicable to all loan transfers undertaken by the lenders as mentioned in Clause 3, including sale of loans through novation or assignment, and loan participation.

The Reserve Bank of India (RBI) on September 24, 2021 issued the Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021.

The following is the applicability of the directions:

- The provisions of these directions shall apply to the following entities (collectively referred to as lenders in these directions), unless specified otherwise:

1. Scheduled Commercial Banks.
2. Regional Rural Banks.
3. Primary (Urban) Co-operative Banks/State Co-operative Banks/District Central Co-operative Banks.
4. All India Financial Institutions (NABARD, NHB, EXIM Bank, and SIDBI).
5. Small Finance Banks.
6. All Non-Banking Finance Companies (NBFCs) including Housing Finance Companies (HFCs).

- No lender shall undertake any loan transfers or acquisitions other than those permitted under these directions and in the manner prescribed therein.

- These directions will be applicable to all loan transfers undertaken by the lenders as mentioned in Clause 3, including the sale of loans through novation or assignment, and loan participation.

[Click here](#) to view the notification.

MCA extends time for holding Annual General Meetings (AGM) for the Financial year 2020-21

On 23rd September 2021, the MCA had issued an Office Memorandum wherein it extend the time by two months beyond September for companies to conduct their annual general meetings (AGMs) for the fiscal year ended on March 31, 2021, after receiving representations seeking extension of time for holding AGMs citing many difficulties due to the second wave of COVID-19 and consequent lockdowns.

MCA has decided to advise the Registrar of Companies (RoCs) to accord approval for extension of time for a period of two months beyond the due date by which companies are required to conduct their AGMs for the financial year 2020-21 ended on March 31, 2021. The communication is addressed to all the Regional Directors and RoCs under the ministry under the third proviso to sub-section (1) of section 96 of the Companies Act, 2013 (the Act).

[Click here](#) to view the notification

MCA extends the last date of filing the Cost Audit Report to the Board of Directors

On 27th September 2021, the MCA had issued a circular to extend the date of filing the Cost Audit Report to the Board of Directors after receiving representations from various stakeholders for extension of the last date of filing of Cost Audit Report to the Board of Directors under Rule 6(5) of the Companies (Cost Records and Audit) Rules, 2014 due to impact of COVID-19 pandemic.

MCA has decided that if cost audit report for the financial year 2020-21 by the cost auditor to the Board of Directors of the companies is submitted by October 31, 2021, then the same would not be viewed as a violation of rule 6(5) of Companies (cost records and audit) Rules, 2014 and consequently, the cost audit report for the financial year ended on March 31, 2021, shall be filed in e-form CRA-4 within 30 days from the date of receipt of the copy of the cost audit report by the company.

However, in case a company has got the extension for holding Annual General Meeting (AGM) under Section 96 (1) of the Act, then e-form CRA-4 may be filed within the timeline provided under the proviso to rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014.

[Click here](#) to view the notification

SEBI revised guidelines for Liquidity Enhancement Scheme in the Equity Cash and Equity Derivatives Segments

The Security Board of India through a circular dated September 01, 2021, modified a previous circular CIR/MRD/DP/14/2014 dated April 23, 2014, which permitted stock exchanges to introduce liquidity enhancement schemes in the equity cash and equity derivatives segments to enhance liquidity in illiquid securities. The modifications have been made to Clause 31 and Clause 41 of the previous circular. These modifications will be applicable to all the existing schemes.

[Click here](#) to view the notification.

SEBI issues the Alignment of interest of Asset Management Companies ('AMCs') with the Unitholders of the Mutual Fund Schemes

The Security Board of India has issued a circular on September 02, 2021 to align the interest of Asset Management Companies ('AMCs') with Mutual Funds Shareholders. SEBI has decided that AMCs shall invest a minimum amount as a percentage of assets under management ('AUM') in their scheme(s), based on the risk value assigned to the scheme(s). Details of investment by AMCs in each of their mutual fund scheme(s) shall be disclosed on the website of AMCs and AMFI.

[Click here](#) to view the notification.

SEBI makes further amendments pursuant to comprehensive review of Investor Grievance Redressal Mechanism

The Security Board of India through a circular dated September 02, 2021, to amend a previous circular SEBI/HO/DMS/CIR/P/2017/15 dated February 23, 2017, which specifies Amendment pursuant to a comprehensive review of Investor Grievance Redressal Mechanism. All the amendments are explicitly mentioned in the aforementioned circular.

[Click here](#) to view the notification.

SEBI issues a notification under SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007

SEBI through a circular dated September 07, 2021, issued a notice under Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007. The associated persons functioning as the principal officer of a Portfolio Manager or employee(s) of the Portfolio Manager having decision-making authority related to funding management, shall obtain certification from the National Institute of Securities Markets by passing the NISM-Series-XXI-B: Portfolio Managers Certification Examination.

[Click here](#) to view the notification.

SEBI has issued notification under SEBI (Certification of Associated Persons in the Securities Market) Regulations, 2007

SEBI through a circular dated September 07, 2021, issued a notice under Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007. The aforementioned circular highlights the responsibilities of Portfolio Managers.

[Click here](#) to view the notification.

SEBI introduces T+1 rolling settlement of an optional basis

SEBI through a circular dated September 07, 2021, has decided to provide flexibility to Stock Exchanges to offer either T+1 or T+2 settlement cycle after receiving certain requests from the various stakeholders. SEBI directs Stock Exchanges, Clearing Corporations, and Depositories to take necessary steps for a smooth introduction of the cycle. The aforementioned circular contains all the details regarding the settlement procedure. The provisions of this circular shall come into force with effect from January 01, 2022

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SEBI revises Position Limits for Currency Derivatives Contracts

SEBI through a circular dated September 07, 2021, revised the client level position limits, per stock exchange. The revisions in the currency pair and positions limits have been mentioned in the circular. The provisions of this circular shall come into force with immediate effect.

[Click here](#) to view the notification.

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021

SEBI through a circular dated September 08, 2021, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 to further amend the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The aforementioned circular contains all the amended regulations.

[Click here](#) to view the notifications.

SEBI clarifies on 'Alignment of interest of Key Employees ('Designated Employees') of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes

SEBI through a circular dated September 20, 2021, has issued a clarification on applicability of the circular no. SEBI/HO/IMD/IMD-I/DOF5/P/CIR/2021/553 dated April 28, 2021, which specifies the Alignment of interest of Key Employees of Asset Management Companies (AMCs) with the Unitholders of the Mutual Fund Schemes.

The aforementioned circular contains all the clarifications to be made.

[Click here](#) to view the notifications.

SEBI issues Circular on Swing pricing framework for mutual fund schemes

SEBI through a circular dated September 29, 2021, has introduced a swing pricing framework for open-ended debt mutual fund schemes (except overnight funds, Gilt funds, and Gilt with 10-year maturity funds). This swing pricing framework will be made applicable only for scenarios related to net outflows from the schemes. The framework will be a hybrid framework.

This circular shall be applicable with effect from March 1, 2022.

[Click here](#) to view the notification.

CBDT issues implementation date of certain sub-sections/proviso of Income Tax Act, 1961

The Central Board of Direct Taxes (CBDT) on September 01, 2021 issued a notification to notify the implementation date of certain provisos of the Income Tax Act, 1961.

The sub-sections and provisos are as followed:

- Second proviso of sub-section (1) of section 245-O, which specifies Authority for Advance ruling, namely:
“Provided further that the Authority so constituted shall cease to operate on and from such date as the Central Government may, by notification in the Official Gazette, appoint.”
- Sub-section (2) of section 245-P, which specifies Vacancies, etc., not to invalidate proceedings, namely:
“With effect from such date as the Central Government may, by notification in the Official Gazette, appoint, the provisions of this section shall have effect as if for the word “Authority”, the words “Board for Advance Rulings” had been substituted.”
- Sub-section (4) of section 245-Q, which specifies, Application for advance ruling, namely:
“Where an application for advance ruling under this Chapter is made before such date as the Central Government may, by notification in the Official Gazette, appoint, and in respect of which no order under sub-section (2) of section 245R has been passed or no advance ruling under sub-section (4) of section 245R has been pronounced before such date, such application along with all the relevant records, documents or material, by whatever name called, on the file of the Authority shall be transferred to the Board for Advance Rulings and shall be deemed to be the records before the Board for Advance Rulings for all purposes.”
- Sub-section (8) of section 245-R, which specifies, Procedure on receipt of the application, namely:
“On and from such date as the Central Government may, by notification in the Official Gazette, appoint, the provisions of this section shall have effect as if for the word “Authority”, the words “Board for Advance Rulings” had been substituted and the provisions of this section shall apply mutatis mutandis to the Board for Advance Rulings as they apply to the Authority.
- Sub-section (3) of section 245-S, which specifies, Applicability of advance ruling, namely:
“Nothing contained in this section shall apply to any advance ruling pronounced under section 245R on or after such date as the Central Government may, by notification in the Official Gazette, appoint.”
- Sub-section (3) of section 245-T, which specifies, - Advance ruling to be void in certain circumstances, namely:
“With effect from such date as the Central Government may, by notification in the Official Gazette, appoint, the provisions of this section shall have effect as if for the word “Authority”, the words “Board for Advance Rulings” had been substituted”
- Sub-section (3) of section 245-U, which specifies, Powers of the Authority, namely:
“On and from such date as the Central Government may, by notification in the Official Gazette, appoint, the powers of the Authority under this section shall be exercised by the Board for Advance Rulings and the provisions of this section shall mutatis mutandis apply to the Board for Advance Rulings as they apply to the Authority.”
- Provision to section 245-V, which specifies, Procedure of Authority, namely:
“Provided that nothing contained in this section shall apply on or after such date as the Central Government may, by notification in the Official Gazette, appoint.”

All the above said Sub-sections and provisos of the Income Tax Act, 1961 will be implemented from September 01, 2021.

[Click here](#) to view the notification.

CBDT provides further explanation to section 194P of Income tax act, 1961

The Central Board of Direct Taxes (CBDT) on September 02, 2021, has issued a notification to provide further explanation to section 194P of the Income Tax Act, 1961.

It specifies that “specified Bank” to mean a banking company that is a scheduled bank and has been appointed as agents of Reserve Bank of India.

The further explanations are as followed:

- “Banking company” shall have the meaning assigned to it in clause (a) of section 45A of the Reserve Bank of India Act, 1934.
- “Scheduled bank” shall have the meaning assigned to it in clause (e) of section 2 of the Reserve Bank of India Act, 1934.

[Click here](#) to view the notification.

Income-tax (26th Amendment) Rules, 2021

The Central Board of Direct Taxes (CBDT) on September 02, 2021 issued the Income-tax (26th Amendment) rules, 2021 to further amend the Income-tax Rules, 1962.

The following amendments have been made:

- Section 26D, which specifies Furnishing of declaration and evidence of claims by a specified senior citizen under section 194P, has been inserted namely:

(1) The declaration required to be furnished by the specified senior citizen to the specified bank under sub clause (iii) of clause (b) of Explanation to section 194P shall be in Form No. 12BBA to be furnished in paper form duly verified.

(2) On furnishing of the declaration in Form No. 12BBA, the specified bank shall, after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 87A, compute the total income of such specified senior citizen for the relevant assessment year and deduct income-tax on such total income on the basis of the rates in force.

(3) The effect to the deduction allowable under Chapter VI-A shall be given based on the evidence furnished by the specified senior citizen during the previous year.

(4) The declaration referred to in sub-rule (1) and evidence for claiming deduction under Chapter VI-A referred to in sub-rule (3) shall be properly maintained by the Specified Bank and shall be made available to the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax, as and when required.

(5) The Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems), as the case may be, shall specify procedure for furnishing of particulars of Form No. 12BBA referred to in sub-rule (1) and evidence referred to in sub-rule (3) by the specified banks to the Principal Chief Commissioner of Income-tax or Chief Commissioner of Income-tax, as and when required.”

- In Rule 31A, which specifies, Statement of deduction of tax under sub-section (3) of section 200, sub-rule 3B has been inserted, namely:

“(3B) Specified bank responsible for deduction of tax under section 194P shall furnish evidence produced by the specified senior citizen for claiming deduction under chapter VI-A to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or to any other person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems), as and when required.”.

- In Appendix II, Form 12BB has been Inserted.
- In Appendix II, Form No. 16 has been substituted.
- In Appendix II, Form No. 24Q has been substituted.
- In Appendix II, Form No. 26QB has been Substituted.
- In Appendix II, Form No. 26QC has been Substituted.
- In Appendix II, Form No. 26QD has been Substituted.

[Click here](#) to view the notification.

Income Tax (26th amendment) rules, 2021

The Central Board of Direct taxes (CBDT) on September 06, 2021 has issued the Income-tax (26th amendment) rules, 2021 to further amend the Income-tax Rules, 1962.

The following amendment has been made:

- Rule 14C, which specifies, Prescribed manner of authentication of an electronic record under electronic verification code under sub-clause (b) of clause (i) of sub-section (7) of section 144B, has been inserted, namely:

“For the purposes of sub-clause (b) of clause (i) of sub-section (7) of section 144B, where an assessee or any other person submits an electronic record by logging into his registered account in a designated portal of the Income-tax Department, it shall be deemed that the electronic record has been authenticated under electronic verification code.

Explanation- For the purposes of this rule, —designated portall shall have the same meaning as assigned to it in clause (i) of the Explanation below to section 144B. “

[Click here](#) to view the notification.

CBDT corrects date in footnotes of notification no G.S.R. 616(E)

The Central Board of Direct Taxes (CBDT) on September 07, 2021, has issued a corrigendum to make a correction of the data in the footnotes of an earlier notification.

The following correction has been made:

In Note: The principal rules were published vide notification S.O. 969(E), dated March 27, 1962, and last amended vide notification GSR 612(E), dated September 02, 2021.

[Click here](#) to view the notification.

CBDT eases the authentication of electronic records submitted in faceless assessment proceedings

The Central Board of Direct Taxes (CBDT) on September 07, 2021 has issued a press release to amend the income tax rules, 1962 to ease authentication of electronic records submitted in faceless assessment proceedings vide notification dated September 6th, 2021.

The key points of the amendment are as followed:

- The electronic records submitted through registered account of the taxpayers in the Income-tax Department's portal shall be deemed to have been authenticated by the taxpayer by electronic verification code (EVC).
- If a person submits an electronic record by logging into his registered account in designated portal of the Income-tax Department, it shall be deemed that the electronic record has been authenticated by EVC for the purposes of section 144B(7) (i)(b) of the Income-tax Act, 1961.
- This simplified process of authentication by EVC is not available to certain persons (such as companies, tax audit cases, etc.) and they are mandatorily required to authenticate the electronic records by digital signature.
- In order to provide the benefit of the simplified process of authentication by EVC to these persons, it has been decided to extend the simplified process of authentication by EVC to these persons also.
- The persons who are mandatorily required to authenticate electronic records by digital signature shall be deemed to have authenticated the electronic records when they submit the record through their registered account in the Income-tax Department's portal.

[Click here](#) to view the notification.

Income-tax (28th Amendment) Rules, 2021

The Central Board of Direct Taxes (CBDT) on September 10, 2021, has issued the Income-tax (28th amendment) rules, 2021 to further amend the Income-tax Rules, 1962.

The following amendment has been made:

- In Rule 11UAC, which specifies, Prescribed class of persons for the purpose of clause (XI) of the proviso to clause (x) of sub-section (2) section 56, Clause (4) with explanation has been inserted, namely:

“(4) any movable property, being equity shares, of the public sector company, received by a person from the Central Government or any State Government under strategic disinvestment.

Explanation—For the purpose of this clause, „strategic disinvestment“ shall have the same meaning as assigned to it in clause (iii) of Explanation to clause (d) of sub-section (1) of section 72A.”

[Click here](#) to view the notification.

Income-tax (29th Amendment) Rules, 2021

The Central Board of Direct Taxes (CBDT) on September 13, 2021 has issued Income-tax (29th Amendment) Rules, 2021 to further amend Income-tax Rules, 1962.

The following amendment has been made:

- Rule 12F, which specifies Prescribed income-tax authority under the second proviso to clause (i) of sub-section (1) of section 142, has been inserted, namely:

“12F- The prescribed income-tax authority under the second proviso to clause (i) of sub-section (1) of section 142 shall be an income-tax authority not below the rank of Income-tax Officer who has been authorised by the Central Board of Direct Taxes to act as such authority for the purposes of that clause.”

[Click here](#) to view the notification.

CBDT issues clarification regarding carry forward of losses in case of change in shareholding due to strategic disinvestment

The Central Board of Direct Taxes (CBDT) on September 10, 2021 has issued clarification regarding the losses which were caused by the amendments made in the income-tax Act, 1961 by the finance act, 2021 which is known as strategic disinvestment. All the accumulated loss and the unabsorbed depreciation of the amalgamating company shall be deemed to be the loss, or as the case may be, allowance for unabsorbed depreciation of the amalgamated company for the previous year in which the amalgamation was effected.

In order to facilitate the strategic disinvestment, CBDT has decided that Section 79 of the Income-tax Act, 1961, which specifies Carry forward and set off of losses in the case of certain companies, shall not apply to an erstwhile public sector company which has become so as a result of strategic disinvestment.

The loss incurred in any previous year prior to, and including, the previous year of strategic disinvestment shall be carried forward and set off by the erstwhile public sector company. The relaxation shall cease to apply from the previous year in which the company, that was the ultimate holding company of such erstwhile public sector company immediately after completion of the strategic disinvestment, ceases to hold, directly or through its subsidiary or subsidiaries, fifty-one per cent of the voting power of the erstwhile public sector company.

[Click here](#) to view the notification.

CBDT extends certain timelines to ease compliances under Taxation Act, 2020

The Central Board Direct Taxes (CBDT) on September 17, 2021, has issued an extension of certain timelines to ease compliances under the Income-Tax Act, 1961, keeping in mind the hardship being faced by various stakeholders on account of the Covid-19 pandemic and on consideration of representations received from various stakeholders by amending an earlier notification.

The extension provided is as followed:

- Time limit for intimation of the Aadhaar number to the Income-tax Department for linking PAN with Aadhaar has been extended from September 30, 2021 to March 31, 2022.
- The due date for completion of penalty proceedings under the Act has also been extended from September 30, 2021, to March 31, 2022.

The time limit for issuance of notice and passing of the order by the Adjudicating Authority under the Prohibition of Benami Property Transactions Act, 1988 has also been extended to March 31, 2022.

[Click here](#) to view the notification.

CBDT notifies on section 197A of Income-tax Act,1961

The Central Board of Direct Taxes (CBDT) on September 17, 2021 has issued a notification that no deduction of tax shall be made on the following payment under section 194A of the Income-tax Act, 1961, which specifies, Interest other than "interest on securities", made by a scheduled bank located in a specified area, to a member of Scheduled Tribe residing in any specified area, as referred to in clause (26) of section 10 of the Income-tax Act, 1961 subject to the following conditions:

- The payer satisfies itself that the receiver is a member of Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in clause (26) of section 10 of the said Act, during the previous year relevant for the assessment year in which the payment is made, by obtaining necessary documentary evidences in support of the same;
- The payer reports the above payment in the statements of deduction of tax as referred to in sub-section (3) of section 200 of the said Act;
- The payment made or aggregate of payments made during the previous year does not exceed twenty lakh rupees.

[Click here](#) to view the notification.

CBDT issues an order specifying the returns filed shall be treated as verified even though they were not verified under R. 12 of Income Tax Rules, 1962

The Central Board of Direct Taxes (CBDT) on September 24, 2021 has issued an order under section 119 (2) (a) of the Income Tax Act, 1961 which specifies the regularisation of returns of income verified through the electronic verification code (EVC) which are otherwise required to be verified through digital signature (DSC) as per rule 12 of the Income Tax Act, 1961. Due to some technical errors on the e-filing portal on the income tax, certain returns which are furnished electronically, have been verified through EVC which were required to be verified through DSC under Rule 12 of the Income Tax Rules, 1962 for the period June 07, 2021 to September 30, 2021.

Since these returns are not verified under Rule 12 of the Income Tax Rules, 1962, thus they will be treated as non-est by the assessing officers. It has been directed by the authorities that the returns filed from June 07, 2021 to September 30, 2021 shall be considered verified even though they haven't gone through Rule 12.

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The Competition Commission of India (General) Amendment Regulations, 2021

The Competition Commission of India on September 06, 2021 has issued the Competition Commission of India (General) Amendment Regulations, 2021 to further amend the Competition Commission of India (General) Regulations, 2009.

The following amendment has been made:

- In regulation 14, in sub-regulation (3), after clause (a), the following proviso shall be inserted, namely:

“Provided that the Chairperson may also authorize other Officers of the Commission for the purpose.”

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