NANUBHAI DESAI & CO.

September 2020

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Contents

INCOME TAX

DOMESTIC TAXATION

Circulars/ Notifications/Press Release

SECTION 6 OF THE TAXATION AND OTHER LAWS (RELAXATION AND AMENDMENT OF CERTAIN PROVISIONS) ACT, 2020 - RELAXATION OF TIME LIMITUNDER CENTRAL EXCISE ACT, 1944, CUSTOMS ACT,1962, CUSTOMS TARIFF ACT, 1975 AND FINANCE ACT, 1994 - END DATE OF EXTENSION OF TIME LIMITFOR COMPLETION OR COMPLIANCE OF SUCH ACTION AS SPECIFIED UNDER CLAUSE (A) OR (B) OF SAID SECTION

In exercise of the powers conferred by section 6 of The Taxation and Other Laws (Relaxation and amendment of Certain Provisions) Act, 2020 (No. 38 of 2020), the Central Government hereby specifies that,—

- the 30th day of December, 2020 shall be the end date of the period during which the time limit specified in, or prescribed or notified under, the Central Excise Act, 1944 (1 of1944), the Customs Act, 1962 (52 of 1962) (except sections 30, 30A, 41, 41A, 46 and 47), the Customs Tariff Act, 1975 (51 of 1975) or Chapter V of the Finance Act, 1994(32 of 1994) falls for the completion or compliance of such action as specified under clause (a) or (b) of the said section; and
- the 31st day of December, 2020 shall be the end date to which the time limit for completion or compliance of such action shall stand extended.

(Notification No. G S R 601 (E) [F. No. 450/61/2020-CUS.IV(Part-1)], dated 30th September, 2020)

CBDT PROVIDES ITR FILING COMPLIANCE CHECK FUNCTIONALITY FOR SCHEDULED COMMERCIAL BANKS

Central Board of Direct Taxes in exercise of powers conferred under section 138(1)(a) of Income-tax Act, 1961, has issued Order in F.No. 225/136/2020/ITA.II dated 31-8-2020, for furnishing information about IT Return Filing Status to Scheduled

Commercial Banks, notified vide notification No. 71/2020 dated 31-8-2020 under sub-clause (ii) of clause (a) of sub-section (1) of section 138 of the Act.

The data on cash withdrawal indicated that huge amount of cash is being withdrawn by the persons who have never filed income-tax returns. To ensure filing of return by these persons and to keep track on cash withdrawals by the non-filers, and to curb black money, the Finance Act, 2020 w.e.f. 1st July, 2020 further amended Income-tax Act, 1961 to lower the threshold of cash withdrawal to Rs. 20 lakh for the applicability of TDS for the non-filers and also mandated TDS at the higher rate of 5% on cash withdrawal exceeding Rs. 1 crore by the non-filers.

Income Tax Department has already provided a functionality "Verification of applicability u/s 194N" on www.incometaxindiaefiling.gov.in for Banks and Post offices since 1st July,2020. Through this functionality, Bank/Post Office can get the applicable rate of TDS under section 194N of the Income-tax Act, 1961 by entering the PAN of the person who is withdrawing cash.

The Department has now released a new functionality "ITR Filing Compliance Check" which will be available to Scheduled Commercial Banks (SCBs) to check the IT Return filing status of PANs in bulk mode. The Principal Director General of Income-tax (Systems) has notified the procedure and format for providing notified information to the Scheduled Commercial Banks. The salient features of the using functionality are as under:

a) Accessing "ITR Filing Compliance Check": - The Principal Officer & Designated Director of SCBs, which are registered with the Reporting Portal of Income-tax Department(https://report.insight.gov.in) shall be able to use the functionality after logging into the Reporting Portal using their credentials. After successfully logging in, link to the functionality "ITR Filing Compliance Check" will appear on the home page of the Reporting Portal.
b) Preparing request (input) file containing PANs: - The CSV Template to enter PAN details can be downloaded by clicking on "Download CSV template" button on the "ITR Filing Compliance Check" page. PANs, for which IT Return filing status is required, are required to be entered in the downloaded CSV template. The current limit of PANs in one file is 10,000.
c) Uploading the input CSV file: - Input CSV file may be uploaded by clicking on Upload CSV button. While uploading, "Reference Financial Year" is required to be selected. Reference Financial Year is the year for which results are required. If selected Reference Financial Year is 2020-21 then results will be available for Assessment years 2017-18,2018-19 and 2019-20. Uploaded file will start reflecting with Uploaded status.

d) Downloading the output CSV file: - After processing, CSV file containing IT Return Filing Status of the entered PANs will be available for download and "Status" will change to Available. Output CSV file will have PAN, Name of the PAN holder (masked), IT Return Filing Status for last three Assessment Years. After downloading of the file, the status will change to Downloaded and after 24 hours of availability of the file, download link will expire and status will change to Expired.

Scheduled Commercial Banks can also use API based exchange to automate and integrate the process with the Bank's core banking solution. Scheduled Commercial Banks are required to document and implement appropriate information security policies and procedures with clearly defined roles and responsibilities to ensure security of information.

(Press Release dated 2nd September, 2020)

MEASURES TO PROMOTE GROWTH, INVESTMENT AND CREATE NEW EMPLOYMENT OPPORTUNITIES THROUGH AMENDMENTS IN THE INCOME-TAX ACT, 1961

In September 2019, the Government announced several measures to promote growth, investment and create new employment opportunities through the amendments in the Income-taxAct, 1961 and the Finance Act (No. 2), 2019. This was stated by Shri Anurag Singh Thakur, Minister of State for Finance & Corporate Affairs in response to a question asked in the LokSabha today.

Shri Thakur enumerated the measures taken by Ministry of Finance, which are as follows:

- Reduction in the corporate tax rate from 30% to 22% provided the company did not avail any exemption or incentive.
- An option to pay income-tax at the rate of 15% for the new domestic companies incorporated on or after 1st October 2019 and making a fresh investment, subject to their not availing any exemption or incentives and provided they commence production by 31st March 2023.
- Reduction in the Minimum Alternate Tax from the existing rate 18.5% to 15% for existing companies that are availing the exemption/incentives.
- To stabilize the flow of funds into the capital market it was decided that enhanced surcharge introduced by the Finance (No.2) Act, 2019 shall not apply to on capital gains arising on sale of equity share in a company or a

unit of an equity oriented fund or a unit of a business trust liable for securities transaction tax, in the hands of an individual, Hindu Undivided Family (HUF), Associations of Persons (AOP), Body of Individuals (BOI) and Artificial Judicial Person (AJP).

- The enhanced surcharge shall also not apply to capital gains arising on sale of any security including derivatives, in the hands of Foreign Portfolio Investors (FPIs).
- In order to provide relief to listed companies which had already made a public announcement of buy-back before 5th July 2019, it was provided that tax on buy-back of shares in case of such companies shall not be charged.
- The amendments expanded the scope of Corporate Social Responsibility (CSR) of 2 per cent spending. The CSR 2% fund can be spent on incubators funded by Central or State Government or any agency or Public Sector Undertaking and making contributions to public-funded Universities, IITs, National Laboratories, and Autonomous Bodies engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals.

Shri Thakur further said that these measures were taken to promote growth and investment, simplify the taxation procedure, boost the 'Make-in-India' initiative of the Government, create new employment opportunities, make the corporate sector globally competitive and enable corporations to support research and development.

Subsequently, structural reforms were announced as part of the Aatma Nirbhar Bharat Package (ANBP) r which, inter alia, includes change in definition of MSMEs, collateral-free automatic loans for businesses including MSMEs, subordinate debt for stressed MSMEs and equity infusion for MSMEs through Fund of Funds.

Further, the Aatma Nirbhar Bharat Package also announced the new PSU policy, commercialization of coal mining, higher FDI limits in defense and space sector, development of industrial land/land banks and Industrial Information System, revamp of Viability Gap Funding scheme for social infrastructure and new power tariff policy. The measures taken under the ANBP are to bolster growth, investment and create employment opportunities, the Minister added.

(Press Release, dated 14th September, 2020)

Case laws

New Woodlands Hotel (P.) Ltd. vs. Assistant Commissioner of Income Tax, Company Circle-VI(2), Chennai

Facts:

- The assessee had debited a certain sum towards service charges paid in lieu of tips. The assessee submitted that since the tips were received by the room boys only the other employees were not able to avail the same and ultimately, the matter was discussed with the employees and an agreement was entered into regarding payment of service charges. The assessee furnished breakup of the service charges to the three categories of employees, viz., permanent employees, managerial and other employees and administrative/temporary employees.
- The Assessing Officer held that the assessee had resorted to this modus operandi for inflation of expenditure by showing the same under the head "service charges" and the transaction was disbelieved and assessment was completed by making addition of towards inflation of expenditure under the head "Service charges".
- The assessee challenged said order before the Commissioner (Appeals) who partly allowed the appeals by restricting the disallowance of service charges.
- The Tribunal held that the Assessing Officer was right in concluding that the assessee had adopted this modus operandi for inflating its expenditure.

Held:

- The Assessing Officer should not have used the expression "modus operandi" to mean that the assessee had adopted dubious tactics to inflate its expenditure. The documents being, the annual accounts; the statement of income; copy of the letter dated 23-8-2016 to the Assistant Commissioner enclosing the register of wages of persons employed (Form No. 16under Payment of Wages Act) for the relevant period evidencing payment of service charges to permanent employees; copies of vouchers for payment of service charges paid in cash to administrative/management/other employees; copy of service charges register for the relevant month evidencing payment to administrative/temporary employees; copy of the letter dated 9-5-2017 of the Chartered Accountant filed explaining the payment of service charges to the employees; and Memorandum

of Settlement between the assessee and the Union dated 2-8-2012 under section 18(1) of the Industrial Disputes Act, 1947.

- The Assessing Officer while rejecting the assessee's contention has not disbelieved any of these documents. The payments effected in cash were sought to be substantiated by the assessee by producing vouchers. If the Assessing Officer was of the view that the vouchers are fabricated documents, then all of such employees should have been examined and statements should have been recorded and if the same was done, the assessee is entitled to an opportunity of cross examination. This having not been done, the assessment order is flawed on this aspect. The Assessing Officer has referred to statements of four persons and on reading of selected portions of the statement, as extracted in the assessment order, does not lead to the inference that the entire transaction is bogus. The assessee's explanation is that tips were being given to the room boys and they alone were benefitted and the other employees/workers raised objection and the matter was discussed in several meetings and ultimately, a settlement was arrived at between the employee's union and the assessee management.
- By Due credence should be given to the Memorandum of Settlement dated 2-8-2012 recorded in the presence of the Labor Officer. If according to the Assessing Officer, this statement is also a bogus document, then he ought to have recorded such a finding. However, law prohibits him from doing so because of the binding effect of the settlement on the management and the workmen. Therefore, the settlement could not have been brushed aside. The register of wages of persons employed is a statutory form under the Payment of Wages Act and there is a presumption to its validity. The bulk of the materials produced by the assessee before the Assessing Officer could not have been rejected. The Commissioner (Appeals), though accepts the documents produced by the assessee, holds that there is no justification for payment in cash for temporary employees. This finding is not sufficient because vouchers have been produced, and register has been produced, and where the concerned temporary employees have signed. Therefore, to outrightly reject these vouchers and register, is incorrect. If according to the Commissioner (Appeals), the vouchers and registers, insofar as temporary employees are concerned, are not admissible, then there should have been a finding to said effect, which is conspicuously absent in the orders passed by the Commissioner (Appeals).

- The Tribunal erred in observing that the orders of the Commissioner (Appeals) to the extent it grants relief to the assessee are on presumption. This finding is incorrect because the relief granted by the Commissioner (Appeals) was in respect of payments, which were verifiable. It is not in dispute that the vouchers and registers were produced before the Assessing Officer and the originals are also shown to have been produced at the time of assessment. The Assessing Officer merely going by statements of a few employees, cannot disbelieve statutory registers and forms, as there is a presumption to its validity and the onus is on the person, who disputes the validity or genuinely of the document. Therefore, the Tribunal ought not to have interfered with the relief granted by the Commissioner (Appeals) and the Commissioner (Appeals) ought to have interfered with the orders passed by the Assessing Officer in its entirety and not restricted the same to a partial relief.

National Co-operative Development Corporation vs. Commissioner of Income Tax, Delhi-V

Facts:

- The assessee corporation was established under the National Cooperative Development Corporation Act, 1962 (NCDC Act). It functioned under section 9 to propel loans or grant subsidies to the State Governments which was helpful in financing cooperative societies. The funding to the National Co-operative Development Corporation came by way of grants and loans received from the Central Government which was enshrined in section 12 of the NCDC Act and for this, the Corporation was mandatorily required to maintain a fund which was called the National Cooperative Development Fund under section 13 where all the awards and advances received from the Central Government were credited. Though this Corporation was an intermediary or passes through entity, it was a distinct juridical entity.
- An issue had arisen as to whether the component of interest income earned on the funds received under section 13(1) and disbursed by way of grants to national or state level co-operative societies, was eligible for a deduction for determining the taxable income of the Corporation The Assessing Officer opined that the non-refundable grants were not a revenue expense but they were a capital expense, and thus, the equivalent was not allowed for deduction.

- On appeal, the Commissioner (Appeals) opined that the grants made by the assessee-Corporation undisputedly fell within its authorized activities, which were interlinked and interconnected with its main business of advancing loans on interest to State Governments and cooperative societies. These grants were intended to be utilized for various projects which were admittedly of capital nature and resulted in the acquisition of capital assets, but not by the assessee Corporation itself. Thus, a conclusion was reached that, in terms of section 37 of the IT Act, any expenditure (except of the prohibited type) laid out or expended wholly and exclusively for the purpose of the business was allowable as a deduction while computing business income. The Commissioner (Appeals), thus, found that the approach adopted by the Assessing Officer was fallacious as the functions and activities of the assessee-Corporation included giving loans and grants which, in fact, was the very purpose for which it had been set up.
- On second appeal, the Tribunal set aside the order of the Commissioner(Appeals) holding that all the grants, additional and other sum received by the assessee-Corporation from the Central Government under section 12 of NCDC Act went to the single fund and the same could not be treated as its income, therefore, the disbursements made from such fund could not be treated as a revenue expense.
- On further appeal, the High Court held that the main business of the assessee-Corporation was to receive funds from Central Government and then advance them as loans or grants to cooperative societies, therefore the interest earned from the loan would fall under the head D of section 14 of Chapter IV of the Income-tax Act, 1961 under the head of profits and gains of business or profession being a part of its normal business activity. It was also advanced by the High Court that to claim a deduction as an item of revenue expenditure, the assessee-Corporation had to first establish that it was incurred as an expenditure and, because the advancement of loans to the State Government and Cooperative Societies did not leave the hands of the Corporation irretrievably, it could not be claimed as an expenditure.

Held:

- The first aspect to be adverted to is whether interest on loans or dividends would fall under the head of 'Income from other sources' under section 56 or would it amount to income from 'Profits and gains of business or profession'

under head 'D' of section 14. In terms of section 28, such profits and gains of any business or profession under the head 'D' of section 14 would be chargeable to income tax if the income is relatable to profits and gains of business or profession carried out by the assessee at any time during the previous year [Clause (i) of section 28]. Section 56 is in the nature of a residuary clause, i.e., if the income of every kind which is not to be excluded from total income under the IT Act would be chargeable under this head if it is not chargeable under section 14 heads 'A' to 'E'.

- The aforesaid aspect did not form a part of the rationale of the view taken by the Assessing Officer, but the Commissioner (Appeals) opined that the grants made by the assessee-Corporation undisputedly fall within its authorized business activities and, thus, even the advancing of grants from the interest income would be a revenue expense as it had not resulted in acquisition of capital assets by the assessee-Corporation and, thus, would be adjustable under section 37(1). The Tribunal, while reversing the order of the Commissioner (Appeals), does not deal with this aspect but the impugned judgment of the High Court, once again, adverted to this aspect and came to the conclusion that the interest income would fall under head 'D' of section 14 and would not fall under the head of 'income from other sources' under section 56.
- This view taken by the High Court is agreeable, as, the only business of the assessee-Corporation is to receive funds and then to advance them as loans or grants. The interest income arose on account of the fund so received and it may not have been utilized for a certain period of time, being put in fixed deposits so that the amount does not lie idle. That the income generated was again applied to the disbursement of grants and loans. The income generated from interest is necessarily interlinked to the business of the assessee-Corporation and would, thus, fall under the head of 'profits and gains of business or profession'. There would, therefore, be no requirement of taking recourse to section 56 for taxing the interest income under this residuary clause as income from other sources. It is viewed that to decide the question as to whether a particular source of income is business income, one would have to look to the notions of what is the business activity. The activity from which the income is derived must have a set purpose. The business activity of the assessee-corporation is really that of an intermediary to lend money or give grants. Thus, the generation of interest income in support of this only business (not even primary) for a period of time when the funds are lying idle, and utilized for the same purpose would ultimately be taxable as business income. The fact

that the assessee- Corporation does not carry on business activity for profit motive is not material as profit making is not an essential ingredient on account of self-imposed and innate restriction arising from the very statute which creates the assessee-Corporation and the very purpose for which the assessee-Corporation has been set up.

- In view of the aforesaid finding the crucial issue would be whether the amounts advanced as grants from this income generated could be adjusted against the income to reduce the impact of taxation as a revenue expense. If it is revenue expense the amount can be deducted but if it is capital expense then the answer would be in the negative.
- The facts clearly set out that undoubtedly the amount received to be advanced as loans and grants by the assessee-Corporation from the Central Government are treated as capital receipts. In fact, if it was otherwise, they would have become taxable in the hands of the assessee-Corporation. Over this, there is no dispute. The line of argument on behalf of the assessee-Corporation was, however, predicated on a plea that assuming it to be so, the grants (and not loans) cannot be treated as a capital expenditure as neither any enduring advantage or benefit has accrued to the assessee-Corporation nor has any asset come into existence which belongs to or was owned by the assessee-Corporation. Thus, what may be a capital receipt in the hands of the assessee-Corporation may still be a revenue expenditure.
- The question, thus, arises whether prior to this amendment such expenses were not allowable under the prevailing tax regime for such entitles which were not exempt from tax. In the years prior to the amendment, as assessment year 1976-77 onwards is being dealt with, the tax jurisprudence has evolved on the basis of ordinary principles of commercial accountancy for determining the taxable income. Thus, prior to insertion of this sub-clause, such expenses would be permissible under the general section 37(1), which provides for deduction of permissible expenses on principles of commercial accountancy. Post amendment, such expenses get allowed under the specific section, viz. section 36(1)(xii) after the amendment by the Finance Act, 2003.
- Thus, the findings arrived at by the Assessing Officer, Tribunal and High Court are not agreeable, albeit for different reasons and the view taken by the Commissioner (Appeals) is upheld for the reasons set out hereinbefore.

INTERNATIONAL TAXATION

Circulars/ Notifications/Press Release

AMENDMENT TO RULE 10CB OF THE RULES

The Central Board of Direct Taxes (CBDT) issued a notification to introduce amendments to Rule 10CB of the Rules. Amends to the Rule 10CB have been summarized as below:

- *The CBDT has substituted the words "excess money" with the words "excess money or part thereof" which reflects the intention of these provisions, as the imputed interest is to be computed and offered to tax only to the extent of amount recoverable (and not the total amount) on account of primary adjustment beyond ninety days.*
- *Substitutions have been made in the existing Rule providing clarifications regarding the computation of time limit for repatriation of excess money or part thereof in case of an Advance Pricing Agreement and Mutual Agreement Procedure under a Double Taxation Avoidance Agreement.*
- *New sub rule to deal with the period from when interest is to be charged where excess money or part thereof has not been repatriated within the prescribed time limit.*
- *An explanation to determine the exchange rate to be adopted to compute value of the international transaction has also been added.*

[Notification No.78 /2020/ F.No.370142/12/2017-TPL]

Case laws

Director of Income Tax-II (International Taxation), New Delhi vs. Samsung Heavy Industries Co. Ltd. vs. [TS-352-SC-2020] dated 22nd July, 2020

Facts:

- The assessee operated through Project Office (PO) in Mumbai, India and it entered into a turnkey contract with ONGC.
- AO and ITAT held that the PO constitutes fixed place PE in India.
- The HC held that there was no finding made by AO and ITAT that 25% of gross revenue of the assessee outside India was attributable to the business of the PO of the assessee and thus ruled in favor of assessee.
- Aggrieved, the Revenue appealed further to Supreme Court.

Issue:

Whether the PO in Mumbai of the assessee would constitute as a fixed place PE?

Held

- It SC relied on various similar case laws like Morgan Stanley & Co. Inc, Hyundai Heavy Industries Co. Ltd, Ishikawajma-Harima Heavy Industries Ltd, E-fund IT Solutions Inc.
- The SC cleared that the condition precedent for applicability of Article 5(1) of DTAA and the ascertainment of PE was that it should be an establishment "through which the business of an enterprise" is wholly or partly carried on.
- The Honourable Apex Court elucidates that the profits of the foreign enterprise were taxable only where the said enterprise carries on its 'core business' through its PE.
- SC observed that the PO was established to co-ordinate and execute "delivery documents in connection with construction of offshore platform modification of existing facilities for ONGC.
- SC further observed that only two persons were working in the PO, none out of which had any qualification to perform any core activities.
- SC accepted that the PO falls within clause (e) of Article 5(4) of DTAA in as much as PO was solely an auxiliary office and was meant to act as a liaison office between the assessee and ONGC.

- Accordingly, SC held in favor of the assessee and did not constitute PE in India as per Article 5(1) of India-Korea DTAA.

REGULATIONS GOVERNING INVESTMENTS

FOREIGN EXCHANGE MANAGEMENT ACT

Amendments to Foreign Exchange Management (Non-Debt Instruments) Rules

Following amendments have been made to FEM (Non-Debt Instruments) Rules, 2019:

New Rule 2A inserted as under:

Reserve Bank to administer these rules –

1. These rules shall be administered by Reserve Bank of India
2. While administering these rules, the Reserve Bank may interpret and issue such directions, circulars, instructions, clarifications, as it may deem necessary, for effective implementation of the provisions of these rules.

Amendments to Rule 3 and 4:

In Rules 3 and 4 the words "in consultation with Central Government" are omitted.

The amended second Proviso to Rule 3 reads as under:
Save as otherwise provided in the Act or rules or regulations Provided further that the Reserve Bank may, on an application made to it and for sufficient reasons, permit a person resident outside India to make any investment in India subject to such conditions as may be considered necessary.

The amended second Proviso to Rule 4 reads as under:
Save as otherwise provided in the Act or rules or regulations
Provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an Indian entity or an investment vehicle, or a venture capital fund or a firm or an association of persons or a proprietary concern to receive any investment in India from a person resident outside India or to record such investment subject to such conditions as may be considered necessary.

GOODS AND SERVICE TAX

CBIC vide notification 60/2020-CT dated 30th July, 2020

CBIC vide notification 60/2020-CT dated 30th July, 2020 has amended CGST Rules, 2017 so as to substitute FORM GST INV – I (Format/Schema for e-Invoice) with new form.

CBIC vide notification 61/2020-CT dated 30th July, 2020

CBIC vide notification 61/2020-CT dated 30th July, 2020 exempt Special economic zone (SEZ) unit from preparation of E-Invoice. Further, the turnover for registered person for purpose of E-invoice is increased to Rs. 500 crore from existing Rs.100 crore.

CBIC vide circular no. 139/09/2020-GST dated 10th June, 2020

CBIC vide circular no. 139/09/2020-GST dated 10th June, 2020 has clarified that before the issuance of Circular No. 135/05/2020- GST dated 31st March, 2020, refund was being granted even in respect of credit availed on the strength of missing invoices (not reflected in FORM GSTR-2A) which were uploaded by the applicant along with the refund application on the common portal. However, vide Circular No.135/05/2020 – GST dated the 31st March, 2020, the refund related to these missing invoices has been restricted. Now, the refund of accumulated ITC shall be restricted to the ITC available on those invoices, the details of which are uploaded by the supplier in FORM GSTR-1 and are reflected in the FORM GSTR-2A of the applicant.

It is clarified that the aforesaid circular does not in any way impact the refund of ITC availed on the invoices / documents relating to imports, ISD invoices and the inward supplies liable to Reverse Charge (RCM supplies) etc. It is hereby clarified that the treatment of refund of such ITC relating to imports, ISD invoices and the inward supplies liable to Reverse Charge (RCM supplies) will continue to be same as it was before the issuance of Circular No. 135/05/2020- GST dated 31st March, 2020.

COMPANY LAW

The Companies (Management and Administration) Amendment Rules, 2020 have been notified vide Notification No G.S.R. 538(E), dated 28/08/2020.

The Transaction of Business of the Government of Union territory of Jammu and Kashmir Rules, 2019 vide Notification No G.S.R. 534(E), dated 27/08/2020.

Clarification on Extension of Annual General Meeting (AGM) for Financial Year Ended as at 31-3-2020 issued vide General Circular No. 28/2020 [F. No. 2/4/2020-Cl-V], dated 17-8-2020.

Investor Grievances Redressal Mechanism – Handling of Scores Complaints by Stock Exchanges and Standard Operating Procedure for Non-Redressal of Grievances by Listed Companies. Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2020/152, dated 13-8-2020.

ACCOUNTS & AUDIT

CYBER RISK AND ROLE OF INTERNAL AUDITORS

It is said that "A chain is no stronger than its weakest link", which implies that in order to protect a system from breaking, we need to protect the weakest link.

Technology has now been a part and parcel of every business organizations, irrespective of the size or the sector. With the pandemic COVID-19 spreading out across the world at an unprecedented rate, organizations have rapidly turned towards adopting technology. From working from home to virtual meetings, technology has spread its roots rapidly in everyone's life.

However, as every coin has two side, adapting to technology at such a rapid pace is subject to its own pros and cons. As per Forbes report published in May20, there has been an 86% increase in cyber-attacks in India during March- April 2020. Unsolicited, cyber-attacks put business and personal data of organizations and users at risk which might result in financials losses.

As internal auditor, we have a critical role in identifying the risk posed by widely increased use of technology, assess the impact, and implement steps to mitigate the risk.

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