

# JULY NEWSLETTER

Monthly newsletter by KnowMo



## GST Q1 COLLECTION

GST collections for the first quarter of 2020-2021 declined **59%** of same quarter last year level. Reasons being lock down, severely affecting the economic activities and relaxed GST return filing time schedule by Government.

## GOOGLE TO INVEST ₹75,000 CR IN INDIA OVER 5-7 YEARS

To be done through a mix of equity investments, partnerships, and operational, infrastructure and ecosystem investments.

### FOCUS AREAS

- enabling affordable access and information for every Indian in their own language
- Building new products and services that are deeply relevant to India's unique needs
- Empowering businesses as they continue or embark on their digital transformation
- Leveraging technology and AI for social good, in areas like health, education, and agriculture

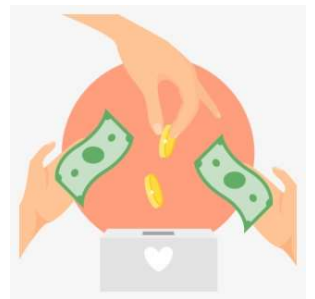


## JIO GOOGLE DEAL

- Google to become the 13th investor in Reliance Industries' telecom and digital unit, Jio Platforms, by picking up 7.73% stake for Rs 33,737 crore.
- The investment will be from Google's recently announced \$10 billion India digitization fund and interestingly makes the internet giant become the second largest minority investor.

## FPO BY YES BANK

- The YES Bank has launched ₹ 15,000 cr FPO on 15 Jul 2020 to recover from the huge bad debt and generate funds from the share sale to enhance the capital base.
- The price band for FPO was fixed at Rs 12-13 per share, a major discount to market price.
- It has been subscribed 93%



## AGR DUES

- SC says 20 years to pay dues is not reasonable in any sense, asks them to come with new financial plan.
- SC has directed operators to furnish financial statements and books of accounts of last 10 years to ascertain the firms' capability to clear AGR dues
- Vodafone pays Rs 1,000 crore more

## TECHNICAL GUIDE ON ACCOUNTING FOR EXPENDITURE ON CSR ACTIVITIES

The Corporate Social Responsibility (CSR) Committee of the ICAI has issued the 'Technical Guide on Accounting for Expenditure on Corporate Social Responsibility Activities', thereby replacing the erstwhile 'Guidance Note (GN) on Accounting for Expenditure on CSR Activities issued on 15 May 2015'. The purpose of issuing this guide is to provide detailed guidance on the accounting aspects of CSR spends and its presentation in the Financial Statement.

The new technical guide also covers the position after the amendments made to Section 135 by Companies (Amendment) Ordinance 2020, treatment for donations made in kind and treatment of excess expenditure than that specified under law.



## THE CONSUMER PROTECTION ACT 2019

- The Government has notified The Consumer Protection Act 2019, to be effective from 20 July 2020, replacing more than three decades old Consumer Protection Act, 1986.
- It aims to enforce and protect the rights of consumers, and provide an effective mechanism to address consumer grievances. It is a law to protect the interests of consumers.



## UPDATE ON IL&FS SCAM

NFRA has barred former Deloitte head from audit for 7 years over lapses at IL&FS and imposed a monetary penalty of ₹25 lakh. The order is effective post 31 Jul 2020.



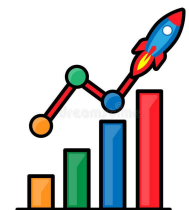
## FLIPKART WALMART DEAL

- Flipkart group announced the launch of Flipkart Wholesale and acquisition of Walmart India.
- Flipkart Wholesale is a new digital marketplace focusing on addressing the business-to-business (B2B) segment in India.
- The acquisition will strengthen its position to address the needs of MSMEs and Kiranas uniquely by effectively linking sellers and manufacturers on one end and kiranas and MSMEs on the other end.
- By leveraging each other's strengths and unique expertise, this combined team will break new ground in their shared mission to help Indian businesses grow and succeed



## RIL IN TOP 50 MOST VALUED COMPANIES GLOBALLY

RELIANCE INDUSTRIES LIMITED BREAKS INTO TOP 50 MOST VALUED COMPANIES GLOBALLY !! No Indian company has ever crossed an m-cap of ₹13 trillion. In terms of m-cap, It is ranked 48th globally and 10th in Asia.



## RBI 21<sup>ST</sup> ISSUE OF FINANCIAL STABILITY REPORT

Gross NPA ratio of all SCBs may increase from 8.5% in March 2020 to 12.5% by March 2021 under the baseline scenario, and to 14.7% under a very severely stressed scenario.



## CONSUMER PROTECTION (E-COMMERCE) RULES, 2020

- The 'Consumer Protection (E-Commerce) Rules, 2020', notified on 23 July 2020, are part of the Consumer Protection Act, 2019. They will be implemented from 27 July 2020.
- They aim to protect the rights of consumer by establishing authorities for timely and effective administration and settlement of consumers' disputes, and cover marketplaces working as aggregators, and inventory-led models where the retailer owns the stocks.



### MERCHANT DISCOUNT RATE



- The RBI has highlighted that opting for zero MDR by the government had a negative impact on the payment ecosystem that is impacting the survival of payment gateway entities, hampering innovation efforts and resulting in job losses and a slowdown in the expansion of the digital payment infrastructure in India.
- The impact was maximum for the SME sector, and several jobs are directly or indirectly disappearing as there are no incentives or incomes for deploying QR codes.

### AMENDMENT IN IND AS 116

- Ind AS 116 'Lease' contains detailed guidance on how to account for lease modifications. A lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. The lease liability is required to be re-calculated using discount rate on the date of modification.
- In the wake of the pandemic, many lessors have extended rent concessions to lessees.
- Just after preparing the 1<sup>st</sup> set of accounts under IND AS 116, it wouldn't be an easy task for the companies to again reassess the lease conditions and accounting
- As a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions of lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification.
- **CONDITIONS TO AVAIL THIS OPTION:**
  - Rent concessions should occur as a direct consequence of the covid-19 pandemic;
  - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before the 30 Jun 2021; and
  - There is no substantive change to other terms and conditions of the lease.

