

1st March 2023

Volume 20

LAKSHYA

The Monthly Newsletter

(Only for private circulation)



This newsletter covers the following:

- Compliance calendar under various laws for the month of March 2023.
- Important Circulars/Notifications issued under various laws.
- Important Judgements.
- Highlights of 49th GST Council Meet
- Key changes in ITR-7
- Summary of Financials news-India
- Summary of Financial news from around the Globe.
- Snapshot of important financial indicators.

“Big results require big ambitions.”

– Heraclitus

COMPLIANCE CALENDAR UNDER VARIOUS LAWS FOR THE MONTH OF MARCH 2023**ESIC, PF & PT PAYMENT & PT RETURN**

Nature of Payment/Return	Period	Particulars	Due Date
ESIC Payment	Feb-23	Monthly Payment for ESIC	15 th Mar 2023
Provident Fund Payment	Feb-23	Monthly Payment for Provident Fund	15 th Mar 2023
Provident Fund Return	Feb-23	Monthly Return for Provident Fund	25 th Mar 2023
Professional Tax Payment	Feb-23	Monthly Payment for Professional Tax Deducted	31 st Mar 2023
Professional Tax Return	Feb-23	Return filing for taxpayers liable to file monthly return	31 st Mar 2023

INCOME TAX

Form/Challan	Period	Particulars	Due Date
26QB	Jan-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194 -IA in the month of January,2023	2 nd Mar 2023
26QC	Jan-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194 -IB in the month of January,2023	2 nd Mar 2023
26QD	Jan-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of January,2023	2 nd Mar 2023
ITNS 280/281	Feb-23	Monthly payment of TDS/TCS	7 th Mar 2023
ITNS 282	Feb-23	Monthly payment of securities transaction tax & commodities transaction tax.	7 th Mar 2023
Form 27C	Feb-23	Monthly declaration under sub-section (1A) of section 206C of the Income-tax Act, 1961 to be made by a buyer for obtaining goods without collection of tax for declarations received.	7 th Mar 2023
ITNS 285	Feb-23	Monthly collection and recovery of equalization levy on specified services.	7 th Mar 2023
Form 3BB	Feb-23	Furnishing statement by a stock exchange in respect of transactions in which client codes have been modified after registering in the system.	15 th Mar 2023

Form 3BC	Feb-23	Furnishing statement by a recognised association in respect of transactions in which client codes have been modified after registering in the system.	15 th Mar 2023
Form 24G	Feb-23	TDS/TCS paid without the production of a challan by an office of government.	15 th Mar 2023
Advance Tax	A.Y.2023-24	Fourth Instalment for the assessment Year 2023-2024.	15 th Mar 2023
Advance Tax	A.Y.2023-24	Installment for assessee covered under presumptive income scheme of section 44AD/44ADA.	15 th Mar 2023
Form 16B	Jan-23	Issuance of TDS certificate in relation to challan cum statement filed in Form 26 QB u/s 194-IA. (Transfer of Immovable Property)	17 th Mar 2023
Form 16C	Jan-23	Issuance of TDS certificate in relation to challan cum statement filed in Form 26 QC u/s 194-IB. (Payment of rent by certain individual/HUF)	17 th Mar 2023
Form 16D	Jan -23	Issuance of TDS certificate in relation to challan cum statement filed in Form 26 QD u/s 194-M. (Payment to resident for carrying out any work in pursuance of contract or by professional fees)	17 th Mar 2023
26QB	Feb-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA (Transfer of immovable property)	30 th Mar 2023
26QC	Feb-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IB (Payment of rent by certain individual/HUF)	30 th Mar 2023
26QD	Feb-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of February,2023	30 th Mar 2023
Linking of PAN-Aadhar		Due date for linking of Aadhar with PAN	31 st Mar 2023
Collection & recovery of equalisation levy on e-commerce	Jan-March 23	Collection and recovery of equalisation levy on e-commerce Supply or services for the quarter ending March 31, 2023	31 st Mar 2023
Form 3CEAD	FY 2022-23	Report by a constituent entity of an international group	31 st Mar 2023

GOODS & SERVICE TAX

GSTR-Form	Particulars	Tax Period	Due Date
GSTR-7	Monthly Return by TDS Deductor	Feb-23	10 th Mar 2023
GSTR-8	Monthly return by e-commerce operators liable to collect TCS	Feb-23	10 th Mar 2023
GSTR-1/ GSTR-1 IFF	Details of Outward Supplies for taxpayers liable to file monthly returns	Feb-23	11 th Mar 2023
	Details of Outward Supplies for taxpayers who Opted for QRMP scheme	Feb-23	13 th Mar 2023
GSTR - 5	Monthly Return by Non-Resident Foreign Taxpayers	Feb-23	13 th Mar 2023
GSTR-6	Monthly Return by Input Service Distributor	Feb-23	13 th Mar 2023
GSTR-3B	Taxpayers opted for monthly returns	Feb-23	20 th Mar 2023
GSTR-5A	Monthly Return by Non-Resident OIDAR Service Provider	Feb-23	20 th Mar 2023
PMT-06	Depositing of GST by taxpayers who have opted for the quarterly filing of GSTR -3B under the QRMP scheme	Feb-23	25 th Mar 2023

IMPORTANT NOTIFICATIONS & CIRCULARS**A. CBDT Notifications, Circulars & Press Release.****1) Corrigendum to circular no. 23 of 2022 dated 03.11.2022 - explanatory notes to finance Act, 2022.**

CBDT Vide circular No. 02/2023 dated 6th February 2023 have issued corrigendum to circular no. 23 of 2022 dated 03.11.2022 regarding to the furnishing of an updated return under sub-section (8A) of section 139. The corrigendum states that in the said circular, in sub-point (iii) of the point (I) of sub-paragraph (A) of paragraph 28.5, the words "two assessment years preceding such assessment year" shall be read as "any assessment year preceding such assessment year".

To view the Circular, [click here](#)

2) Centralised Processing of Equalisation Levy Statement Scheme, 2023.

CBDT Vide notification No. 03/2023 dated 7th February 2023 has issued the Centralised Processing of Equalisation Levy Statement Scheme, 2023 for processing of statement furnished under section 167 of the Act.

To view the Notification, [click here](#)

3) [CBDT notifies Income tax return forms for the assessment year 2023-24](#)

CBDT Vide notification No. 04/2023 dated 10th February 2023 has notified Income-Tax Return Forms for A.Y. 2023-24

To view the Notification No. 04/2023, [click here](#)

To view the Notification No. 05/2023, [click here](#)

4) [CBDT notifies new audit reports to be furnished by charitable or religious trusts and other institutions \(Form 10B & Form 10BB\)](#)

CBDT Vide notification No. 07/2023 dated 21st February 2023 has notified new audit reports to be furnished by charitable or religious trusts and other institutions.

To view the Notification, [click here](#)

B. [CBIC Notifications, Circulars & Advisory.](#)**5) [Advisory on Introduction of Negative Values in Table 4 of GSTR-3B.](#)**

GSTN vide advisory dated 17th February 2023 has issued an advisory for the taxpayer to report correct information regarding ITC availed, ITC reversal and ineligible ITC in Table 4 of GSTR-3B. The following changes have been made in the GST Portal from January-2023 period onwards and shall be applicable from tax period - January 2023' onwards:

The impact of credit note & their amendments will now be auto-populated in Table 4(A) instead of Table 4(B) of GSTR-3B. In case the value of credit notes becomes higher than sum of invoices and debit notes put together, then the net ITC would become negative and the taxpayers will be allowed to report negative values in Table-4A. Also, taxpayers can now enter negative values in Table 4D(2) of GSTR-3B.

To view the Advisory, [click here](#)

6) [Advisory on Geocoding of Address of Principal Place of Business.](#)

GSTN vide advisory dated 24th February 2023 has issued an advisory for the functionality for geocoding the principal place of business address to ensure the accuracy of address details in GSTN records and streamline the address location and verification process.

To view the Advisory, [click here](#)

7) [Advisory on New e-Invoice Portal.](#)

GSTN vide advisory dated 25th February 2023 has issued an advisory in relation to the four new IRPs (Invoice Reporting Portals) for reporting e-invoices in addition to NIC-IRP.

The URLs of IRPs sites authorised to generate IRNs as on date are as follows:

URL	URL Activation Status
< <i>invoice1.gst.gov.in</i> >	Active
< <i>invoice3.gst.gov.in</i> >	Shall be available soon
< <i>invoice4.gst.gov.in</i> >	
< <i>invoice6.gst.gov.in</i> >	

To view the Advisory, [click here](#)

8) Advisory on opting for payment of tax under the forward charge mechanism by a Goods Transport Agency (GTA).

GSTN vide advisory dated 25th February 2023 has provided an option on the portal to all the existing taxpayers providing Goods Transport Agencies Services, who desirous of opting to pay tax under the forward charge mechanism to exercise their option.

To view the Advisory, [click here](#)

C. MCA Notifications & Circulars

9) Extension of Time for filing of 45 company e-Forms, PAS-03 and SPICE+PartA in MCA 21 Version 3.0.

MCA vide Circular no 03/2023 dated 07th February 2023 has provided additional time till 31st March 2023 for filing of various forms, without additional fees.

To view the Circular, [click here](#)

IMPORTANT JUDGEMENTS (INCOME-TAX)

1. Keenara Industries Pvt. Ltd. & Others vs. Union of India

Citation: TS-45-HC-2023(GUJ)

Judicial Level & Location: Gujarat High Court

FACTS

Assessee preferred writ petitions against the orders passed by the Revenue under Section 148A(d) and consequential notices issued under Section 148 for AYs 2013-14 and 2014-15. The notices under dispute were issued subsequent to the SC ruling in Ashish Agarwal where Section 148 notices issued under the old regime during Apr 1, 2021 to Jun 30, 2021 were revived and deemed to be the notices under Section 148A(b).

HELD AS UNDER

Gujarat HC Held as under:

- i. TOLA extensions inapplicable to amended Sec.149; Reassessment proceedings for AY 2013-14, 2014-15 time-barred.
- ii. HC ejected Revenue's reliance on CBDT Notification No.20/2021 and 38/2021 (extending the time limit for reassessment/assessment to Jun 30, 2021) & explicated that the CBDT notifications were applicable to unamended provisions of reassessment and once the provisions were repealed w.e.f. Apr 1, 2021, the notifications could have no applicability.
- iii. HC also held CBDT's interpretation in Instruction No.1/2022 that SC ruling in Ashish Agarwal along with extension provided under TOLA would allow the reassessment notices to 'travel back in time', to be erroneous as it overlooked the fact that SC kept all the defenses available to the Assesseees including those available under section 149 open.
- iv. HC also remarked that that "*CBDT Instruction No.1/2022 cannot override the provisions of law or the SC ruling.*" On conjoint reading of first proviso to Section 149(1) w.e.f Apr 1, 2021 and pre-amendment Section 149(1)(b), HC observed that the last date for issuance of notice under section 148 would be Mar 31, 2020/ Mar 31, 2021 whereas the impugned notices under section 148 was issued beyond that period and hence, the same are clearly time barred.
- v. HC also rejected reliance on Delhi HC ruling Touchstone which goes on a premise that earlier notice was legal, valid and within the time frame.

2. Rajeev Bansal & Ors. vs. Union of India

Citation: TS-74-HC-2023(ALL)

Judicial Level & Location: High Court Allahabad

FACTS

Assesseees preferred writ petitions against the orders passed by the Revenue under Section 148A(d) and consequential notices issued under Section 148 for AYs 2013-14 to 2017-18. The notices under

dispute were issued subsequent to the SC ruling in Ashish Agarwal where Section 148 notices issued under the old regime during Apr 1, 2021 to Jun 30, 2021 were revived and deemed to be the notices under Section 148A(b). In some of the writ petitions, CBDT Instruction No. 1/2022 dt. May 11, 2022 was also challenged on ground that the same is in direct conflict/contravention with the observations and directions issued by SC in Ashish Agarwal. HC took note of the litigation history in the light of coordinate bench ruling in Ashok Kumar Agarwal followed by SC ruling in Ashish Agarwal and CBDT Instruction No. 1/2022 dt. May 11, 2022

HELD AS UNDER

Allahabad HC held as under:

- i. HC made it abundantly clear that the first proviso to Section 149(1) cannot be rendered otiose by allowing the Revenue to take defence of the extension notifications issued under Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 (TOLA).
- ii. HC clarified that SC ruling in Ashish Agarwal cannot be read to mean that extension in time under the unamended Section 149 has been granted by SC by applying TOLA to the reassessment notices in respect of the proceedings relating to the past assessment years, where no notices were issued upto Mar 31, 2021.
- iii. HC observed that CBDT attempted to overreach the SC ruling through Instruction No. 1/2022 dt. May 11, 2022 and categorically held that Clause 6.1 (third bullet) and Clause 6.2 (i) and (ii) of the Instruction to be in teeth of SC ruling, thus, have no binding force.
- iv. HC differed from the view taken by Delhi HC in Touchstone by observing that it is in direct conflict with Allahabad HC ruling in Ashok Kumar Agarwal which was upheld by SC in Ashish Agarwal.
- v. HC decided the writ petitions only on the legal principles and directed the Assesseees to agitate on the factual aspects before the appropriate forum.

3. Parab Maratha Samaj v/s NFAC

Appeal Number: ITA No. 1821

Date of Ruling: 30/11/2022

Judicial Level & Location: Income Tax Appellate Tribunal (Mumbai)

Unregistered charitable trust to be taxed as an AOP after allowing deduction of expenses incurred wholly and exclusively on objects.

FACTS

The assessee, an unregistered trust, filed a return of income showing nil income for assessment year 2019-20 which was disallowed by the AO on the ground that it did not have 12A registration. He further invoked the proviso to section 164(2) and taxed the income at MMR after partly disallowing the expenses incurred to run the trust.

HELD AS UNDER

The Tribunal held as follows:

- i. The assessee was not entitled to the benefit of exemption under section 11 in the absence of registration under section 12A.
- ii. The proviso to section 164(2) could be invoked only in case of violation of section 13(1)(c) or 13(1)(d). None of the receipts fell within the ambit of section 164(2) and hence, assessment at MMR was unjustified.
- iii. Beneficiaries of the trust were the public at large and section 167B could not be applied for such trusts.
- iv. The expenditure incurred wholly and exclusively for the purpose of carrying on charitable activities and earning income or raising more revenue had to be allowed as deduction.
- v. Expenses such as repairs and maintenance, insurance expense, establishment expense, audit fees, depreciation had to be allowed as a deduction.
- vi. Post such deduction, the surplus had to be taxed at rates applicable to an AOP.

4. Jaibalaji Business Corporation (P.) Ltd v/s Assistant Commissioner of Income-tax

Appeal Number: 840 (PUN) of 2022

Date of Ruling: 10/02/2023

Judicial Level & Location: Income Tax Appellate Tribunal (Pune)

Where assessee sold land at a price less than stamp duty value and AO made additions on basis of difference between value declared by assessee and value determined by DVO, additions made on basis of estimation could not be foundation for under-reported income for purpose of imposition of penalty under section 270A.

FACTS:

The assessee was engaged in the business of Solar power generation. Return of income was filed declaring total income at Nil. Assessment was completed u/s 143(3) of the Act computing a total income of Rs.2,80,07,310/- making an addition of equal amount u/s 43CA.

The assessee had sold certain land on various dates at a price less than the stamp value. The AO proposed to make addition on the basis of stamp value. The assessee made a request for making a reference to the DVO. The AO completed the assessment by taking note of stamp value in certain other cases subject to rectification on the receipt of report of the DVO.

Thereafter, the report was received, pursuant to which the rectification order was passed u/s 154 of the Act reducing the addition to Rs.7,05,000. The addition was computed by taking note of the value declared by the assessee at Rs.71,83,800 and the value determined by the DVO at Rs.78,88,800. On this basis, the AO rectified the original assessment and also imposed penalty u/s 270A of the Act at Rs.6,99,669.

The Id. CIT(A) affirmed the penalty. Aggrieved thereby, the assessee had come up in appeal before the Tribunal.

HELD AS UNDER:

ITAT held that the only basis for imposition of penalty u/s 270A was making of addition u/s 43CA on the strength of report of the DVO. The AO originally took certain comparable circumstances and computed the amount of addition at Rs.2.80 crores, which got reduced on the receipt of report of the DVO to Rs.7,05,000.

It was apparent from the report of the DVO that the value determined by the DVO was again an estimate, as he considered certain other properties at different rates and then averaged such rates to find out the value which the property ought to have realized on the transfer. It was vivid that the difference between the value declared by the assessee and the value determined by the DVO was minimal and further the value of the DVO was on the basis of value of certain other nearby properties.

ITAT considered Section 270A of the Act stating that the said section provided for imposition of penalty for under-reporting and misreporting of income.

Sub-section (2) enlisted certain circumstances of under-reporting of income.

Sub-section (3) dealt with the determination of under-reported income, which, in our context, is by reducing the income returned by the assessee from the amount of income finally assessed.

Sub-section (6) is relevant for our purpose which states that under-reported income for the purpose of this section shall not include certain items.

Clause (b) of sub-section (6) referred to: "*the amount of under-reported income determined on the basis of an estimate, if the accounts are correct and complete to the satisfaction of the Assessing Officer*".

ITAT further held that it was ostensible from the language of sub-section (6) that an addition made on the basis of estimation cannot provide foundation for under-reported income for the purpose of imposition of penalty u/s 270A of the Act. As the only basis of the addition made was the estimate made by the DVO, ITAT concluded that the penalty cannot be sustained. ITAT ordered to delete the same.

In the result, the appeal was allowed.

IMPORTANT JUDGEMENTS (GST)**1. Rohit Enterprises v/s Commissioner, State GST**

Writ No: 11833 OF 2022

Date of Ruling: 16/02/2023

Judicial Level & Location: High Court of Bombay

The Petitioner, who was a small-scale entrepreneur, could not carry on production activities in absence of GST registration which would affect its right to livelihood, the order of cancelling GST registration was to be quashed and set aside.

FACTS

The petitioner is a proprietary firm engaged in the business of fabrication work. It is registered under the Central Goods and Services Tax Act, 2017 (GST Act) as well as Maharashtra State Goods and Services Tax Act, 2017. Petitioner contends that since he had undergone angioplasty, and the firm suffered financial set back in pandemic situation, GST returns from August 2021 could not be filed.

The State Tax Officer, Aurangabad issued show cause notice dated 28-02-2022 calling upon the petitioner to furnish his explanation within a period of 7 working days. The petitioner replied to the show cause notice on 03-03-2022. Citing the reason of the financial crunch, he requested for revocation of the notice. However, the State Tax Officer vide order dated 14-03-2022 cancelled the registration with effect from 21-08-2021.

The petitioner filed an appeal under section 107 of the Maharashtra Goods and Service Tax Act, 2017 challenging cancellation of registration. The Dy. Commissioner/State Tax (Appeal), Aurangabad Division rejected the appeal on the grounds of limitation that the appeal had been submitted beyond the prescribed period provided under section 107 (1) and 107 (4) of the MGST Act, 2017. Subsequently, a writ petition was filed with the Hon. High Court.

The Court considered the submissions advanced by both sides. It appeared that the petitioner was earning his livelihood through his fabrication business and required registration under GST Act to run the business. The entire world suffered during the pandemic. To add apathy to this situation, the petitioner suffered a medical emergency. The stringent provisions of GST Act took its own course. Even he lost his appellate remedy because of lapse of limitation. The petitioner sought to invoke jurisdiction of the Court under Art. 226 of the Constitution of India.

HELD AS UNDER

The HC observed that the provisions of GST enactment cannot be interpreted so as to deny right to carry on Trade and Commerce to any citizen and subjects. The constitutional guarantee is unconditional and unequivocal and must be enforced regardless of shortcomings in the scheme of GST enactment. The right to carry on trade or profession cannot be curtailed contrary to the constitutional guarantee under Art. 19(1)(g) and Article 21 of the Constitution of India. If the person like petitioner is not allowed to revive the registration, the state would suffer loss of revenue and the ultimate goal under GST regime will stand defeated.

Applying the aforesaid guidelines, the court found that the petitioner, who was sufferer of unique circumstances resulting from pandemic and his health barriers, would be put to great hardship for want of GST registration. The petitioner who is small scale entrepreneur cannot carry on production activities in absence of GST registration. As a result, his right to livelihood would be affected. Since his statutory appeal suffered dismissal on technical grounds, the court cannot allow the situation to continue. The Court found that, in the facts and circumstances of this case it would be appropriate to exercise our jurisdiction under Art. 226 of the Constitution of India.

Considering the object of the provisions under GST Act, it was not in the interest of the government to curtail the right of the entrepreneur like petitioner. The petitioner must be allowed to continue business and to contribute to the state's revenue. The learned advocate for the petitioner had

submitted that the petitioner was ready and willing to pay all the dues along with penalty and interest as applicable.

In the light of the submission, the court was inclined to allow the writ. Therefore, the writ was to be allowed.

2. Varun Beberages Ltd. v. State of U.P.

Citation: [2023] 147 taxmann.com 341 (Allahabad)

Judicial Level & Location: High Court of Allahabad

Minor discrepancy in description of vehicle in e-way bill could not attract proceedings for detention of goods and penalty.

FACTS:

The dealer was making a stock transfer from its unit at Gautam Buddha Nagar, Greater NOIDA depot to a sale depot at Kuberpur, Agra. The goods were being shifted through Truck No. HR-73/6755 which was accompanying delivery challan, e-way bill and bilty on 10-6-2018. The mobile squad on 10-6-2018 intercepted the goods and detained the vehicle in question along with the goods on the premise that in the e-way bill the vehicle number has been mentioned as UP-13T/6755. Detention order was passed on 11-6-2018 & thereafter, a penalty order under Section 129(3) of the Act of 2017 was passed.

HELD AS UNDER:

- HC held that Wrong vehicle number mentioned in e-way bill was to be considered as human error and same was covered under C.B.I. & C. Circular Nos. 41/15/2018-GST dated 13-4-2018 and 49/23/2018-GST dated 21-6-2018.
- Minor discrepancy in description of vehicle in e-way bill could not attract proceedings for detention of goods and penalty as there was no intention on part of dealer to evade tax, therefore, orders for detention and penalty were to be set aside.

Highlights from 49th GST Council Meeting

The 49th GST Council met under the Chairpersonship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in New Delhi on February 18, 2023.

The GST Council has, inter-alia, made the following recommendations relating to GST compensation, GST Appellate Tribunal, approval of the Report of Group of Ministers (GoM) on Capacity Based Taxation and Special Composition Scheme in certain Sectors on GST, recommendations relating to GST rates on Goods and Services and other measures for facilitation of trade. The briefings regarding the same are as follows:

1. GST Compensation.

Government of India has decided to clear the entire pending balance GST compensation of Rs. 16,982 crore for June'2022. Since there is no amount in the GST compensation Fund, the Centre decided to release this amount from its own resources and the same will be recouped from the future compensation cess collection.

2. GST Appellate Tribunal.

The Council adopted the report of Group of Ministers for formation of appellate tribunals with certain modifications. The final draft amendments to the GST laws shall be circulated to Members for their comments. The Chairperson has been authorised to finalize the same.

3. Approval of the Report of GoM on Capacity Based Taxation and Special Composition Scheme in certain Sectors on GST.

With a view to plug the leakages and improve the revenue collection from the commodities like pan masala, gutkha, chewing tobacco, the Council approved the recommendations of the GoM including, inter alia, that:

- the capacity-based levy not to be prescribed;
- compliance and tracking measures to be taken to plug leakages/evasions;
- exports of such commodities to be allowed only against LUT with consequential refund of accumulated ITC.
- compensation cess levied on such commodities to be changed from ad valorem to specific tax-based levy to boost the first stage collection of the revenue.

4. Extension of time limit for application for revocation of cancellation of registration by amending Section 30 and Rule 23.

- the time limit for making an application for revocation of cancellation of registration be increased from 30 days to 90 days.
- Where the registered person fails to apply for such revocation within 90 days, the said time period may be extended by the Commissioner or an officer authorised by him in this behalf for a further period not exceeding 180 days.

5. Amendment to Section 62 of CGST Act, 2017 to extend timelines under sub-section (2) thereof and one time amnesty for past cases.

As per subsection (2) of section 62 of CGST Act, 2017, the best judgment assessment order issued under sub-section (1) of the said section is deemed to be withdrawn if the relevant return is filed within 30 days of service of the said assessment order. The Council recommended to amend section 62 so as to increase the time period for filing of return for enabling deemed withdrawal of such best judgment assessment order, from the present 30 days to 60 days, extendable by another 60 days, subject to certain conditions.

The Council has also recommended to provide an amnesty scheme for conditional deemed withdrawal of assessment orders in past cases where the concerned return could not be filed within 30 days of the assessment order but has been filed along with due interest and late fee upto a specified date, irrespective of whether appeal has been filed or not against the assessment order, or whether the said appeal has been decided or not.

6. Reduction of Late fees for Annual Return (GSTR-9) for F.Y. 2022-23.

Particulars	Current	Proposed
Late filing fees for GSTR-9 (Aggregate turnover upto 5 Cr)	Rs 200 per day (Rs. 100 CGST + Rs 100 SGST), subject to a maximum of 0.5% of the turnover in the State or UT (0.25% CGST + 0.25% SGST)	Rs 50 per day (Rs 25 CGST + Rs 25 SGST), subject to a maximum of an amount calculated at 0.04% of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST)
Late filing fees for GSTR-9 (Aggregate turnover more than 5 Cr but upto 20 Cr)	Rs 200 per day (Rs. 100 CGST + Rs 100 SGST), subject to a maximum of 0.5% of the turnover in the State or UT (0.25% CGST + 0.25% SGST)	Rs 100 per day (Rs 50 CGST + Rs 50 SGST), subject to a maximum of an amount calculated at 0.04 % of his turnover in the State or Union territory (0.02% CGST + 0.02% SGST)

7. Amnesty in respect of pending returns in FORM GSTR-4, GSTR-9 and GSTR-10.

To provide relief to a large number of taxpayers, the Council recommended amnesty schemes in respect of pending returns in FORM GSTR-4, FORM GSTR-9 and FORM GSTR-10 by way of conditional waiver/ reduction of late fee.

8. Rationalization of provision of place of supply of services of transportation of goods.

Council has recommended to rationalize the provision of place of supply for services of transportation of goods by deletion of section 13(9) of IGST Act, 2017 so as to provide that the place of supply of services of transportation of goods, in cases where location of supplier of services or location of recipient of services is outside India, shall be the location of the recipient of services.

9. Other noteworthy recommendations

- a) It has been decided to regularize payment of GST on 'rab' during the past period on "as is basis" on account of genuine doubts over its classification and applicable GST rate.
- b) It was decided to suitably amend notification No. 104/94-Customs, dated 16.03.1994 so that if a device like tag- tracking device or data logger is already affixed on a container, no separate IGST shall be levied on such affixed device and the 'nil' IGST treatment available for the containers under notification No. 104/94-Customs shall also be available to such affixed device subject to the existing conditions.
- c) Changes in GST rates

Sr No	Description	From	To
1	Rab	18%	5% - if sold pre-packaged and labelled. Nil - if sold otherwise.
2	Pencil Sharpener	18%	12%

- d) It has been decided to amend entry at Sl. No. 41A of notification No. 1/2017- Compensation Cess (Rate) so that exemption benefit covers both coal rejects supplied to and by a coal washery, arising out of coal on which compensation cess has been paid and no input tax credit thereof has been availed by any person.
- e) It has been decided to extend the exemption available to educational institutions and Central and State educational boards for conduct of entrance examination to any authority, board or a body set up by the Central Government or State Government including National Testing Agency for conduct of entrance examination for admission to educational institutions.
- f) It has been decided to extend the dispensation available to Central Government, State Governments, Parliament and State Legislatures with regard to payment of GST under reverse charge mechanism (RCM) to the Courts and Tribunals also in respect of taxable services supplied by them such as renting of premises to telecommunication companies for installation of towers, renting of chamber to lawyers etc.

Key changes introduced in New ITR-7 form applicable for AY 2023-24

The CBDT vide Notification No. 05/2023, dated 14th February 2023 has released new Income-tax return ITR-7 Form for the Assessment Year 2023-24. An analysis and highlight of key changes and new requirements in current ITR forms viz-a-viz last year's ITR Forms are as following: -

1. Computation of income on applicability of twenty-second Proviso to Sec 10(23C) or Sec 13(10).

The new ITR-7 form seeks the details of whether the provisions of the twenty-second proviso to Section 10(23C) or Section 13(10) is applicable. The Finance Act 2022 inserted special provisions for the computation of income in the following cases:

- a. The institution has not obtained the audit report;
- b. books of account & other documents have not been kept in the prescribed form/manner/place; or
- c. The institution has not furnished the return of income within the time allowed u/s 139(4A).

The consequential changes have also been made in Part B-TI in the ITR form, where the income statement is shown. A separate table in Part B3 is given if total income is chargeable to tax under the twenty-second proviso to Section 10(23C) or Section 13(10).

In such cases, the income chargeable to tax due to withdrawal of exemption shall be computed after allowing a deduction for expenditure (other than capital expenditure) incurred in India for the objects of the institution. The deduction is allowable subject to the satisfaction of the following conditions:

- a. The expenditure is not from the amount of corpus donations credited in the books of account up to the end of the financial year immediately preceding the relevant previous year;
- b. The expenditure is not from any loan or borrowing;
- c. Depreciation shall not be allowed in respect of an asset whose full cost has been claimed as an application of income;
- d. The expenditure is not in the form of a contribution or donation to any person.

The income shall be computed without deduction of the following expenditures:

- a. No deduction shall be allowed for the capital expenditure;
- b. Disallowance shall be made under Section 40(a)(ia) for the default made in deduction of tax;
- c. Disallowance shall be made Section 40A(3)/40A(3A) for the payment made in cash;
- d. No deduction shall be allowed for the expenditure not incurred in India.

It should be noted that the disallowance made of the above expenditure or allowance shall not be allowed as a deduction to the assessee under any other provision. Further, if any loss arises due to such expenditure, no set-off shall be allowed for such losses.

2. Details of Author/ Founder/ Trustee/ Manager.

The new ITR-7 form seeks the details of the particulars regarding the Author/Founder/Trustee/Manager of the trust or institution at any time during the previous year.

So, if a person held a position at any time during the previous year, his details would be furnished. Earlier, these details were required to be provided as on the date of application.

3. Disclosure of accumulated income taxed in earlier years.

A new Schedule IA has been inserted that requires the details to be furnished for the accumulated income taxed in earlier assessment years under Section 11(3). The exemption is allowed to a trust for the income accumulated in excess of 15%, subject to the fulfilment of certain conditions. Section 11(3) provides for the circumstances when the exemption allowed to a trust for the accumulated income shall be withdrawn if specified conditions are not complied with by the assessee. In this new Schedule IA, the details need to be provided for the year of accumulation and the assessment year in which such accumulated amount was taxed.

Another new Schedule DA has been inserted that requires the details of accumulated income taxed in earlier assessment years under Section 11(1B). When a charitable institution cannot utilise 85% of its income for charitable or religious purposes in India, it shall be deemed to be applied for such purposes upon the filing of Form 9A.

When such income is not applied to charitable or religious purposes in India during the specified period, then it shall be deemed as the income of the previous year immediately following the previous year in which it was received or derived, and it shall be taxable under Section 115BBI. In this new Schedule DA, the details have to be furnished of the year of deemed application and the assessment year in which such amount was taxed.

4. Details of investments made in specified modes.

Earlier, the details of investments made under Section 11(5) were to be provided in 'Schedule J'. Now, the form seeks only the details of corpus investment/deposits made under Section 11(5).

5. Reporting of investment in related concerns by Section 10(23C) approved institutions.

The Finance Act 2022 provided that if the institutions approved under Section 10(23C) apply the income (or part of income or property) of any trust or institution directly or indirectly for the benefit of any person referred to in Section 13(3), such income or property shall be deemed to be the income of fund or institution of the previous year in which it is so applied.

The new ITR form seeks the details of investment held at any time during the previous year in concerns in which persons referred to in section 13(3), and 21st Proviso of Section 10(23C) has a substantial interest.

6. Details of investments to be shown in the Balance Sheet.

The breakup of the total application of funds shown in the balance sheet shall be further classified into the investments made in the modes specified under Section 11(5) and the investment made in modes other than specified under Section 11(5).

7. Reconciliation of corpus.

A new Schedule R has been inserted wherein the reconciliation of the corpus of Schedule J and the Balance sheet is to be shown. The reasons for the difference in the closing balance of the corpus shown in Schedule J and the closing balance as per the balance sheet are to be given.

The reasons for the difference have to be given as under:

- (a) Purchase of fixed Assets.
- (b) Depreciation.
- (c) Any other reasons (Specify the reason).

8. Disclosure of Anonymous Donations.

The details of voluntary contributions are required to be reported in Schedule VC. These voluntary contributions are further classified as domestic and foreign contributions, including anonymous donations. Now, anonymous donations taxable under Section 115BBC are to be shown separately in Schedule VC.

9. Disclosure of the amount applied for the objects.

A new Schedule A has been inserted to provide for the amount applied to stated objects of the trust/institution during the previous year from all sources. Earlier, these details were required to be reported in the Schedule ER for the revenue nature and Schedule EC for the capital nature.

Now, both these details are to be reported in the new Schedule A, and the amount is to be classified into the revenue and capital nature. The Schedule ER and EC have been deleted in the new ITR form. The disclosure of the application of the amount towards the establishment and administration costs is not required in the new Schedule A.

10. Reporting of accreted income by Section 10(23C) approved institutions.

The Finance Act 2022 extended the provisions to pay accreted tax to funds or institutions approved under Section 10(23C). Earlier, these provisions were only applicable to the trust or institution registered under Section 12AA/12AB. Therefore, Schedule 115TD must also be filled in by the institutions having approval under Section 10(23C).

11. Disclosure of income taxable under Section 115BBI.

The Finance Act 2022 inserted a new Section 115BBI which provides that where the total income of any specified charitable institution includes any specified income, then the institution shall pay tax at the rate of 30% plus surcharge and cess on the aggregate of such specified income. A new Schedule 115BBI has been inserted to report the specified income of the institutions taxable at a special rate under Section 115BBI.

12. Details of recognition by the election commission of India.

Schedule LA has to be filled in by the Political Parties. Earlier, the political parties must provide registration details under Section 29A of the Representation of People Act, 1951. Now, they also

need to disclose whether that party is recognised by the Election Commission of India and the date of such recognition.

NATIONAL NEWS UPDATES

1. India's Wholesale Price Index (WPI) inflation touched a 24-month low at 4.73% in January 2023. The decline was primarily contributed by mineral oils, chemicals & chemical products, textiles, crude petroleum and natural gas, among other items.
2. SpiceJet posted a consolidated net profit of ₹110 crore in the October-December 2022 quarter, witnessing a 160% jump from ₹42 crore in the year-ago period.
3. According to the Commerce Ministry data, India's exports in January declined by 6.58% to \$32.91 billion, as against \$35.23 billion in the same month last year. Merchandise exports stood at \$34.48 billion in December 2022.
4. NSE has extended the time for trading interest rate derivatives till 5 pm starting from 23rd February 2023.
5. The government has reduced the windfall tax/ special additional excise duty (SAED) on domestically produced crude oil to ₹4,350 per tonne from ₹5,050 per tonne. The additional duty on aviation turbine fuel (ATF) was cut by ₹4.5 per litre to ₹1.5 per litre.
6. Tata Steel acquired 4.68 crore shares worth ₹300 crore in its indirect subsidiary Neelachal Ispat Nigam Limited (NINL), increasing its stake from 1.88% to 5.23%.
7. The officials of Ministry of Home Affairs stated that the government has earned a total of ₹3,407.98 crore from the disposal of enemy properties. Enemy property refers to the property left behind in India by people who took the citizenship of Pakistan and China.
8. According to a CARE Ratings report, public sector banks (PSBs) wrote off bad loans worth ₹29,000 crore in the quarter ended December 2022. The write-offs in April-December 2022 stood at ₹81,000 crore, compared to ₹90,000 crore in the year-ago period.
9. The Labour Ministry said that the retail inflation for farm and rural workers rose to 6.85% and 6.88%, respectively in January led by higher prices of certain food items.
10. Gautam Adani, the Adani Group Chairman who was the world's third-richest person a month ago, has lost \$80 billion in wealth and is now the world's 30th-richest man with a net worth of \$40 billion. Adani Group stocks have lost ₹12 lakh crore in value in a month.

FINANCIAL NEWS FROM AROUND THE GLOBE

1. The price of permits on the EU's carbon-trading market hit €100 (\$107) a tonne for the first time. The price of the permits, which allow companies to emit pollutants, subject to a cap, has risen by a fifth this year.
2. South Korea reported a trade deficit of \$47.5bn in 2022, the largest since records began in 1956.
3. The Federal Reserve lifted its key interest rate by a quarter of a percentage point, to a range of between 4.5% and 4.75%, the highest it has been since September 2007. It was the smallest increase since the Fed embarked on a course of tightening monetary policy last March.
4. The Euro area's economy grew by 1.9% in the final quarter of 2022, year on year, helped by government support on energy bills and mild weather, which dampened fuel demand. The currency bloc's GDP expanded by 3.5% over the whole year. Annual consumer-price inflation slowed to 8.5% in January, from 9.2% in December.
5. TotalEnergies (formerly Total) reported a record annual profit of \$20.5bn, or \$36bn on an adjusted basis. The combined profits for 2022 of the five biggest Western oil companies have now reached almost \$200bn.
6. America's annual inflation rate dipped to 6.4% in January, from 6.5% in December. Food prices were up by 10.1% year on year and energy prices by 8.7%.
7. In its latest forecast the International Energy Agency stated that the share of renewable energy in the world's power generation will rise from 29% to 35% in 2025. This meant that, although the demand for electricity is expected to keep growing, and 70% of that increase will come from China, India and South-East Asia, emissions from the power sector will "plateau".
8. The European Central Bank and the Bank of England each raised their main rate by half a percentage point. The ECB's deposit rate is now 2.5%. The Bank of England's base rate is 4%, its highest level since 2008.
9. **ExxonMobil**, **Chevron** and **Shell** reported record annual profits of \$56bn, \$37bn and \$40bn respectively. All three benefited from the higher price of energy amid the war in Ukraine, though prices have been falling in recent months.
10. **Nissan** and **Renault** announced a restructuring of their two-decade-old alliance. The main feature of the restructuring agreement is a reduction in Renault's stake in Nissan to 15% from 43%, with the remainder of Renault's shares in Nissan to be put into a French trust and the voting rights "neutralised".

SNAPSHOT OF THE FINANCIAL MARKETS

- Rupee has depreciated a bit in the month of Feb 2023 against USD, on 31st Jan 2023 the rupee had settled at **Rs. 81.76/-** against the closing value of **Rs. 82.64 /-** on 28th Feb 2023.
- The summary of Indices is as follows:

Indices	Jan 2023 (Closing Value)	Feb 2023 (Closing Value)	Percentage change during the month
NIFTY 50	17,662	17,303	(2.03%)
SENSEX	59,550	58,962	(0.99%)
BANK NIFTY	40,655	40,269	(0.95%)

- The summary of performance of global indices the has been given below:

Indices	Jan 2023 (Closing Value)	Feb 2023 (Closing Value)	Percentage Change during the month
NASDAQ COMPOSITE	11,584	11,455	(1.11%)
NIKKEI 225	27,327	27,445	0.43%
SHANGHAI	3,258	3,279	0.65%
DAX	15,128	15,365	1.56%
KOSPI	2,425	2,412	(0.54%)

- The summary of performance of various crypto currencies have been given below:

Crypto's	Jan 2023 (Closing Value) in USD	Feb 2023 (Closing Value in USD)	Percentage Change during the month
BITCOIN	23,136	23,500	1.58%
ETHEREUM	1,586	1,605	1.20%
DOGECOIN	0.096	0.081	(15.65%)

- The brent crude oil rate per barrel has seen a gradual decrease in the month of February 2023. On 31st Jan 2023 the rates had settled at \$85.53/- while on 28th Feb 2023 the rates were \$83.04/.

DISCLAIMER

- Giriraj Khandelwal & Associates, by means of this information is not rendering any professional advice or service whatsoever.
- We have taken reasonable care to ensure that the information provided is accurate. Every effort has been made to avoid errors or omissions in this NEWSLETTER. Despite these, errors may creep in. Any mistake, error or discrepancy noted maybe brought to our notice which shall be taken care of in our next edition.
- We take no legal responsibility for any consequential incidents that may arise from errors or omissions contained in this information.
- This is prepared based on the information available with us at the time of preparing the same, which is subject to changes that may directly or indirectly impact the information provided. It is suggested that to avoid any doubt the reader should cross-check all the facts, laws and contents of this newsletter with the original Government Publication or notification.
- We are under no obligation whatsoever to update or revise the information provided herein.
- This information provided is for intended recipient for knowledge and guidance purpose only.
- Neither us nor any person associated with us is responsible for any loss due to the information provided here. We recommend you seek more clarity depending upon your business requirements.

GIRIRAJ KHANDELWAL & ASSOCIATES Chartered Accountants

Head Office: 703, Techno IT Park, New Link Road, Next to Eskay Resort, Borivali West, Mumbai 400092

Email: vadvice@gmail.com

Contact No.: 7666558457

Website: www.cakhandelwal.com