

4<sup>th</sup> February 2023

Volume 19

# LAKSHYA

The Monthly Newsletter

(Only for private circulation)



This newsletter covers the following:

- ***Analysis of Union Budget 2023.***
- Compliance calendar under various laws for the month of February 2023.
- Important Circulars/Notifications issued under various laws.
- Important Judgements.
- Summary of quarterly results of various Companies.
- Summary of Financials news-India
- Summary of Financial news from around the Globe.
- Snapshot of important financial indicators.

**“There’s no shortage of remarkable ideas, what’s missing is the will to execute them.”**

**– Seth Godin**

## BUDGET HIGHLIGHTS

On 1<sup>st</sup> February 2023, the fifth budget under Modi 2.0, was presented by Union Finance Minister Nirmala Sitharaman. The Indian economy is on the right track and is poised for a bright future, according to the finance minister, who delivered the last comprehensive budget before the general elections next year. According to Sitharaman, this is Amrit Kaal's first budget. Here are the key aspects of Union Budget 23-24.

### CHANGES IN TAX SLABS, RATES & LIMITS

#### 1. Revision in tax slabs (w.e.f. A.Y. 2024-25)

New Regime (Section 115BAC)		Old Regime (with Deductions)	
Total Income (Rs.)	Proposed Tax Rate in Finance Bill 2023 (%)	Total Income (Rs.)	Tax Rate (%)
Up to 3,00,000	Nil	Up to 2,50,000	Nil
From 3,00,001 to 6,00,000	5	2,50,001 to 5,00,000	5
From 6,00,001 to 9,00,000	10	5,00,001 to 10,00,000	20
From 9,00,001 to 12,00,000	15	Above 10,00,000	30
From 12,00,001 to 15,00,000	20		
Above 15,00,000	30		

2. Standard deduction of INR 50,000/- now introduced under new tax regime for salaried individuals.
3. Maximum surcharge restricted to 25% under new regime. However, maximum surcharge under old regime continues to be at 37%.
4. There is no change in slab rate under the old tax regime.
5. The new tax regime is now the default tax regime. If an assessee wants to opt for old tax regime, he may opt for the same.

## 6. Increase in Limit of Rebate u/s 87A

The available limit of rebate u/s 87A has been increased from Rs. 5 lakhs to Rs. 7 lakhs in the new personal tax regime u/s 115BAC. At the above newly prescribed slab rates, the new rebate limit u/s 87A comes out to be Rs. 25,000 on the income of Rs 7 lakhs, as compared to existing rebate limit of Rs 12,500 on the exempt income of Rs 5 lakhs.

Therefore, the individuals & HUFs opting for the new regime in FY 2023-24 and onwards and having the total annual income of up to Rs 7 lakhs, will not be required to pay any income tax.

However, if the income of an individual or an HUF is in excess of Rs. 7 lakhs, even by say a thousand rupees, then rebate u/s 87A will not be available and the above tabulated newly prescribed tax rates will be applicable on such income.

## 7. Rationalization of exempt Income under Life Insurance Policies: (w.e.f.A.Y.2024-25)

Income from Insurance Policies (Other than ULIP for which Provision already exist) for policies issued on or after 01/04/2023		
Particulars	Where Premium or aggregate of Premium is less than Rs.5,00,000/- in a year	Where Premium or aggregate of Premium is Rs. 5,00,000/- or more in a year
<b>Taxability</b>	Exempt under section-10(10D) if Premium payable for any of the years during the term of policy does not exceed 10% of the actual capital sum assured.	Any sum received which exceeds the aggregate of the premium paid during the term of such life insurance policy shall be chargeable to tax under head "Income from other sources" under section-56(2)(xiii) of the act.  If the Premium paid had been claimed as deduction in any other provision of the act such premium will not be reduced from the sum so received. Computation manner shall be prescribed.
<b>Amount received on death of Person</b>	Exempt	Exempt

### Important note:

- ❖ Please note that the limit of Rs. 5,00,000/- is to be calculated for each individual policy.
- ❖ This provision will come into effect from 01/04/2023. So, there are still two months remaining to take new policies having annual premium of more than Rs. 5,00,000/-

**8. Increasing the threshold limits for Presumptive taxation schemes: (w.e.f.A.Y.2024-25)**

Option for Presumptive Taxation	Where the amount or aggregate of the amounts received during the previous year, in cash, <b>does not exceed five per cent of the total turnover or gross receipts</b>	Where the amount or aggregate of the amounts received during the previous year, in cash, <b>exceed five per cent of the gross receipts.</b>
<b>Section-44AD (Presumptive scheme for small business):</b> <ul style="list-style-type: none"> <li>• Applies to Certain resident Individual, HUF, Partnership firm other than LLP</li> <li>• Carrying on eligible businesses.</li> <li>• Sum equal to 8% or 6% of the turnover shall be deemed to be Profit and Gains from Business subject to certain conditions.</li> </ul>	Rs.3 crore	Rs.2 crore
<b>Sectin-44ADA (Presumptive scheme for Small Professionals):</b> <ul style="list-style-type: none"> <li>• Applicable to certain resident assesseees (i.e. Individual, Partnerships firm other than LLP) who are engaged in any profession referred to in section-44AA(1) of the Income Tax Act,1961.</li> <li>• A sum equal to 50% of the gross receipts is deemed to be Profit and gains from business or higher profit as the case may be.</li> </ul>	Rs.75 lakh	Rs.50 lakh

**9. Deduction for payments to Micro and small suppliers will now be on actual payment basis (w.e.f.A.Y.2024-25)**

It is proposed to insert a clause (h) u/s 43B which states that any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006 shall be allowed as deduction only on actual payment. It can be allowed on accrual basis only if the payment is within the time mandated under section 15 of the MSMED Act.

Further, the proviso to section 43B shall not be applicable to such payments. This means that even if the payment is made before the due date of furnishing Return of Income, such payments will not be allowed as deduction.

Section 15 of MSMED Act mandates payments to micro and small enterprises within the time as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the section mandates that the payment shall be made within 15 days.

### ADDITIONS AND AMENDMENTS IN START-UPS PROVISIONS

#### **10. Extension of date of incorporation for eligible start-up for exemption**

The existing provisions of the section 80-IAC of the Act, *inter alia*, provides for a deduction of an amount equal to hundred percent of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years, beginning from the year of incorporation, at the option of the assessee subject to the condition that,

- the total turnover of its business does not exceed one hundred crore rupees.
- it is holding a certificate of eligible business from the Inter-Ministerial Board of Certification, and
- it is incorporated on or after 1st day of April 2016 but before 1st day of April 2023.

*To further promote the development of start-ups in India and to provide them with a competitive platform, it is proposed to extend the period of incorporation of eligible start-ups to 1st day of April 2024.*

#### **11. Relief to start-ups in carrying forward and setting off of losses.**

Eligible start-ups can set off and carry forward the losses incurred during the first 7 years after incorporation even in case of a change in shareholding, provided 100% of the shareholders as on the last day of the previous year in which loss was incurred, continue to hold those shares on the last day of the previous year in which the loss is set off. **The time limit of 7 years is increased to 10 years.**

### ADDITIONS AND AMENDMENTS IN CAPITAL GAIN PROVISIONS

#### **12. Limiting the roll over benefit claimed under section 54 and section 54F of Income Tax Act, 1961. (w.e.f.A.Y.2024-25)**

Section 54 and section 54F of the Income-tax Act, 1961 allows a deduction on the capital gains arising from the transfer of long-term capital asset, if an assessee, within a period of one year before or two years after the date on which the transfer took place purchased any residential property in India, or within a period of three years after the said date constructed any residential property in India. There was no limit on the amount of exemption that could be claimed under these sections.

*Vide the Finance Act 2023, the maximum deduction that can be claimed by the assessee under section 54 and 54F is capped at rupees ten crore.*

#### **13. Prevention of double deduction claimed on interest on borrowed capital for acquiring, renewing, or reconstructing a property. (w.e.f.A.Y.2024-25)**

The income chargeable under the head "Capital gains" is computed, by deducting the cost of acquisition of the asset and the cost of any improvement thereto from the full value of the consideration received or accruing as a result of the transfer of the capital asset.

*The Finance Act 2023 has proposed to insert a proviso after clause (ii) of section 48 so as to provide that the cost of acquisition or the cost of improvement shall not include the amount of interest claimed under section 24 or Chapter VIA of the Act.*

**14. Cost of acquisition in case of intangible assets for computing capital gains. (w.e.f. A.Y.2024-25)**

The 'cost of acquisition' and 'cost of improvement' for intangible assets or any sort of right for which no consideration has been paid for acquisition shall be considered to be 'Nil'.

**15. Conversion of physical gold into Electronic Gold Receipts and vice-versa. (w.e.f. A.Y.2024-25)**

The conversion of physical gold into Electronic Gold Receipts and vice-versa by a SEBI-registered Vault manager shall not be considered as transfer for the purpose of capital gain.

**16. Taxability of Market Linked Debentures. (w.e.f. A.Y.2024-25)**

The capital gains arising on transfer, redemption or maturity of Market Linked Debentures shall be taxed as short-term capital gains under Section 50AA of the Act.

**ADDITIONS AND AMENDMENTS IN CHARITABLE TRUSTS PROVISIONS**

**17. Application out of corpus & loans / borrowings (w.e.f. A.Y.2023-24)**

- Application out of corpus or loans or borrowings before 01.04.2021 will not be allowed as application for charitable or religious purposes when such amount is deposited back or invested into corpus or when the loan or borrowing is repaid.
- Repayment of loan or investment/depositing back into corpus shall be considered an application for charitable or religious purposes only within 5 years of application from the corpus or loan.

**18. Date for filing Form 9A and 10 advanced (w.e.f. A.Y.2024-25)**

To claim accumulation of income, the trusts or institutions shall file Form 9A and Form 10 at least 2 months before the due date of filing of return of income. Previously, the due date was on or before the due date of filing Return of Income. A summary of different due dates under Income tax is given below:

- Due date for filing of Return of Income: 31<sup>st</sup> October.
- Due date for furnishing Audit report in Form 10B: 30<sup>th</sup> September.
- Due date for furnishing Form 9A/ Form 10 for accumulation of income: 31<sup>st</sup> August.

**19. Exit Tax (w.e.f. A.Y.2023-24)**

Finance Bill 2023 has proposed an 'Exit Tax' under section 115TD of the Income tax Act if a trust or institution registered under section 10(23C) or 12A or 12AA has not applied for re-registration or does not apply for renewal after expiry of five years or the trust or institution registered provisionally does not apply for regular registration after expiry of three years.

**20. Denial of exemption where return of income is not furnished within time limit (w.e.f. A.Y.2023-24)**

Section 139 of the Act was amended by the Finance Act, 2022 providing for an option to the taxpayers to furnish updated return of income up to 2 years from the end of assessment year.

It is proposed under Finance Bill 2023 that tax exemption under sections 10(23C) and 12AB shall be available only if the return of income is filed by the trust or institution within the time prescribed under section 139(1) [i.e. 31st October] or 139(4) of the Act.

As a result of this amendment, the trusts or institutions cannot claim the benefit of exemption provisions by filing an updated return of income.

**21. Treatment of donation to other trusts (w.e.f. A.Y.2024-25)**

Eligible donations made by a trust or institution to another trust shall be treated as application only to the extent of 85% of such donation.

**22. Combining provisional and regular registration under 10(23C) or 12AB and section 80G in some cases (w.e.f. 01/10/2023)**

The newly formed trusts and institutions that have commenced the activities shall make the application directly for regular registration instead of provisional registration. However, the newly formed trusts and institutions that have not commenced the activities will first have to apply for provisional registration.

**ADDITIONS & AMENDMENTS IN TDS & TCS PROVISIONS**

**23. TDS On Cash Withdrawal: (w.e.f. 01/04/2023)**

Section 194 N of the Act prescribed TDS @ 2% on Cash Withdrawal in excess of Rs. 2 Crores. However, from F.Y. 2023-24 the Limit of Rs 2 Crores has been enhanced to Rs 3 Crores only in case where the recipient is a co-operative society.

**24. TDS on Online Games: Sec - 194 BA (w.e.f. 01/07/2023)**

- Winning from online Games shall from now onwards be brought under the purview of Income Tax w.e.f. 01<sup>st</sup> July 2023. A new section 194BA is proposed to be introduced under the Act.
- TDS shall be levied @ 30% where the net amount of winnings exceed Rs 10,000 during the financial year.

**25. Tax Collected at source on Overseas Tour Package (w.e.f. 01/07/2023)**

The rate of TCS on Overseas tour package has been enhanced from 5% to 20% without any threshold limit.



**26. TDS on Interest of Listed Debentures u/s 193 (w.e.f. 01/04/2023)**

Exemption from TDS on payment of interest on listed debentures to a resident is removed. As a result, TDS shall be deducted from the interest payments made to resident individuals.

**27. TDS on payment of accumulated PF balance to an employee (w.e.f. 01/04/2023)**

TDS Rate on withdrawal of accumulated balance from provident fund account under section 192A has been amended from maximum marginal rate to 20% in case where the assessee has not furnished his PAN number.

**28. Resolving TDS credit Mismatch (w.e.f. 01/10/2023)**

- A new provision is introduced in order to resolve TDS credit mismatch.
  - This mismatch arises when the assessee has declared his income on accrual basis but the TDS has been deducted and deposited while making payment in the subsequent financial year.
  - In such a case the assessee can make application in the prescribed form to the Assessing Officer within two years from the end of the financial year in which such tax was deducted at source in order to claim the respective credit.
29. *Sections 206AB and 206CCA* require higher TDS/TCS for those specified persons who have not filed their income tax returns and have a TDS/TCS aggregate of at least 50,000 in the previous year. An amendment is proposed to exclude persons who are not required to file a return of income and are notified by the Government from being considered as specified persons.

**AMENDMENTS IN RELATION TO ASSESSMENT & APPEALS****30. Reduction in time provided for furnishing TP Report (w.e.f. 01/04/2023)**

Presently, as per subsection (3) of section 92D, the Assessing Officer (AOs) or the Commissioner (Appeals) may during the course of any proceedings under the Act require an assessee to furnish any information or document, as provided under rule 10D of the Rules, within a period of 30 days from the date of receipt of a notice issued in this regard.

It is now proposed to reduce the time limit for furnishing information or document, as provided under rule 10D of the Rules from 30 days to 10 days. Further, the Assessing Officer or the Commissioner (Appeals) may, on an application made by such person who has entered into an international transaction or specified domestic transaction, extend the period of ten days by a further period not exceeding thirty days.

**31. Extension of time for disposing pending rectification applications by Interim Board for Settlement. (Retrospectively from 01/02/2021)**

The time available with the “Interim Board for Settlement” for disposal of pending rectification applications is extended to provide sufficient opportunity.



**32. Appeals to Appellate tribunal. (w.e.f. 01/04/2023)**

- An appeal can now be filed before the ITAT against penalty orders imposed by the Commissioner (Appeals) under Sections 271AAB, 271AAC, and 271AAD and revision orders passed by the Principal Chief Commissioner or Chief Commissioner under Section 263.
- The amendment also enables filing the memorandum of cross-objections in all cases appealable to the Appellate Tribunal.

**33. Introduction of the authority of Joint Commissioner (Appeals)**

A new appellate authority of the Joint Commissioner (Appeal) is introduced to expedite resolution in appeal proceedings involving small amount of disputed demands.

**34. Alignment of timeline provisions under the Act**

*Vide the Finance Act 2023*, the time available for completion of the assessment is hereby proposed to be increased from the original period of nine months to twelve months from assessment year 2022-23.

*Vide the Finance Act 2023*, if an assessment or reassessment is pending in search cases, the deadline for completion of the assessment or reassessment is proposed to be extended by 12 months for the assessee for whom the search was initiated or the requisition was made and the assessee to whom any seized or requisitioned money, bullion, jewellery, or other valuable items belong or to whom any seized or requisitioned books of account or documents pertain or contain relevant any information.

**OTHER ADDITIONS AND AMENDMENTS****35. Bringing the non-resident investors within the ambit of section 56(2) (viib) to eliminate the possibility of tax avoidance. (w.e.f. A.Y. 2024-25)**

Section 56(2)(viib) of the Act, inter alia, provides that where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax under the head 'Income from other sources'.

Previously, the said section was not applicable to non-resident investors. **Vide the Finance Act 2023**, it is proposed to include the consideration received from a non-resident also under the ambit of clause (viib) by removing the phrase 'being a resident' from the said clause. This will make the provision applicable for receipt of consideration for issue of shares from any person irrespective of his/her residency status.

**36. Tax Incentives to International Financial Services Centre (IFSC)**

The deadline for the transfer or relocation of funds has been extended by two years to 31/03/2025 and there shall be no tax levied on transferring capital assets due to the relocation of an offshore fund to IFSC.

### **37. Preventing permanent deferral of taxes through undervaluation of inventory (w.e.f. 01/04/2023)**

Section 142 is proposed to be amended to enable an assessing officer to direct the assessee to get the inventory valued by a cost accountant, nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf. Assessee is then required to furnish the report of inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars as may be prescribed and such other particulars as the Assessing Officer may require. The expenses for the audit will be paid by the Central Government.

#### **OTHER NOTEWORTHY HIGHLIGHTS**

- Senior Citizen's Saving Scheme deposit limit will be raised from Rs.15 Lakh to Rs.30 lakhs, which will benefit to senior citizens to save more and earn interest at the rate of 8%. Further, the maximum deposit limit for Post Office Monthly Income Account Scheme will be enhanced from Rs.4.5 lakh to Rs.9 lakhs for single account and from Rs.9 lakh to Rs.15 lakh for joint account.
- Mahila Samman Bachat Patra Yojana 2023 is a savings scheme launched by the government of India to encourage women to save money and become financially independent. The Mahila Samman Saving certificate offers tax benefits under Section 80C of the Income Tax Act, 1961.
- Urban Infrastructure Development Fund (UIDF) will be established with an outlay of Rs 10,000 crore per annum to create urban infrastructure in Tier 2 and Tier 3 cities.
- 50-year interest free loan to state governments will be extended for one more year resulting in an outflow of Rs. 1.3 lakh crore.
- The Budget 2023 has allocated funds for scrapping old vehicles owned by the central government and will also provide support to states in replacing their old vehicles and state ambulances.
- The National Apprenticeship Promotion Scheme to provide stipend to 47 lakh youth over next three years through Direct Benefit Transfer (DBT).
- An integrated IT portal will be established which will help investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority (IEPFA).
- Revamp credit guarantee schemes for MSMEs will be implemented starting 2023, with an infusion of Rs 9,000 crore. This will provide additional collateral-free guaranteed credit of Rs 2 lakh crore. Further, the cost of the credit will be reduced by nearly 1%.
- To improve the ease of doing business in India, 39,000 compliances have been reduced and 3,400 provisions have been decriminalized.
- Three centres of excellence for Artificial Intelligence (AI) will be set-up in top educational institutions to achieve the vision of "Make AI in India and Make AI work for India".

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

Nature of Payment/Return	Period	Particulars	Due Date
ESIC Payment	Jan-23	Monthly Payment for ESIC	15 <sup>th</sup> Feb 2023
Provident Fund Payment	Jan-23	Monthly Payment for Provident Fund	15 <sup>th</sup> Feb 2023
Provident Fund Return	Jan-23	Monthly Return for Provident Fund	25 <sup>th</sup> Feb 2023
Professional Tax Payment	Jan-23	Monthly Payment for Professional Tax Deducted	28 <sup>th</sup> Feb 2023
Professional Tax Return	Jan-23	Return filing for taxpayers liable to file monthly return	28 <sup>th</sup> Feb 2023

**INCOME TAX**

Form/Challan	Period	Particulars	Due Date
ITNS 280/281	Jan-23	Monthly payment of TDS/TCS	7 <sup>th</sup> Feb 2023
ITNS 282	Jan-23	Monthly payment of securities transaction tax & commodities transaction tax.	7 <sup>th</sup> Feb 2023
Form 27C	Jan-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 <sup>th</sup> Feb 2023
ITNS 285	Jan-23	Monthly collection and recovery of equalization levy on specified services.	7 <sup>th</sup> Feb 2023
Form 16B	Dec-22	Issuance of TDS certificate in relation to challan cum statement filed in Form 26 QB u/s 194-IA (Transfer of Immovable Property)	14 <sup>th</sup> Feb 2023
Form 16C	Dec-22	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)	14 <sup>th</sup> Feb 2023
Form 16D	Dec -22	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)	14 <sup>th</sup> Feb 2023
Form 3BB	Jan-23	Furnishing statement by a stock exchange in respect of transactions in which client codes have been modified after registering in the system.	15 <sup>th</sup> Feb 2023

Form 3BC	Jan-23	Furnishing statement by a recognised association in respect of transactions in which client codes have been modified after registering in the system.	15 <sup>th</sup> Feb 2023
Form 24G	Jan-23	TDS/TCS paid without the production of a challan by an office of government.	15 <sup>th</sup> Feb 2023
Form 16A	Oct-Dec 22	TDS certificate in relation to return filed in Form 26Q	15 <sup>th</sup> Feb 2023

### GOODS & SERVICE TAX

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

### IMPORTANT NOTIFICATIONS & CIRCULARS

#### A. CBDT Notifications, Circulars & Press Release.

- 1) Extension of time limit for compliance to be made for claiming any exemption under Section 54 to 54GB.

CBDT Vide Circular No. 01/2023 dated 6<sup>th</sup> January 2023 has given relaxation in respect of certain compliances to be made by taxpayers including inter alia investment, deposit, payment, acquisition, purchase, construction or such other action, for the purpose of claiming any exemption under the provisions contained in Section 54 to 54GB for which the last date of such compliance falls between 01<sup>st</sup> April, 2021 to 28<sup>th</sup> February, 2022 (both days inclusive), may be completed on or before 31<sup>st</sup> March, 2023.

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

2) **Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income.**

CBDT Vide notification No.01/2023 dated 5<sup>th</sup> January 2023 has abolished the limit of Rs. 5,000/- for the purpose of reporting interest income under SFT. As a result, going forward, the information in relation to interest income is to be reported for all account/deposit holders where any interest exceeds zero per account in the financial year excluding Jan Dhan Accounts.

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

3) **Press release for direct tax collection for F.Y.2022-23 up to 10<sup>th</sup> January,2023.**

CBDT Vide press release dated 11<sup>th</sup> January 2023 has published the provisional figures of direct tax gross collections for F.Y. 2022-23 up to 10<sup>th</sup> January, 2023. The gross collections are at Rs. 14.71 lakh crore which is 24.58% higher than the gross collections for the corresponding period of last year. Direct Tax collection, net of refunds, stands at Rs. 12.31 lakh crore which is 19.55 % higher than the net collections for the corresponding period of last year. *This collection is 86.68% of the total Budget Estimates of Direct Taxes for F.Y. 2022-23.*

To view the Press Release, [click here](#)

**B. CBIC Notifications, Circulars & Advisory.**

4) **CBIC Clarification on GST rates and Classification of certain goods.**

CBIC Vide circular No. 189/01/2023 dated 13<sup>th</sup> January 2023 has issued clarification regarding GST rates and classification of certain goods based on the recommendations of the GST council in its 48<sup>th</sup> meeting.

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

5) **CBIC Clarification regarding applicability of GST on certain services.**

CBIC Vide circular No. 190/02/2023 dated 13<sup>th</sup> January 2023 has issued clarification regarding applicability of GST on accommodation services supplied by Air Force Mess to its personnel and Incentive paid by Ministry of Electronics and Information Technology (MeitY) to acquiring banks under Incentive scheme for promotion of RuPay Debit Cards and low value BHIM-UPI transactions.

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

6) **Module wise new functionalities deployed on the GST Portal for taxpayers.**

CBDT has added various new functionalities on the GST Portal in the month of December 2022. In relation to the same, a tutorial/module has been uploaded on the GST portal by Goods and Service Tax Network (GSTN).

To view the tutorial document, [click here](#)

7) **Advisory on facility of 'Initiating Drop Proceedings' of Suspended GSTINs due to Non-filing of Returns.**

GSTN vide advisory dated 24<sup>th</sup> January 2023 has issued Advisory on facility of 'Initiating Drop Proceedings' of Suspended GSTINs due to Non-filing of Returns.

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

8) **Advisory on taxpayers facing issue in filing GSTR-3B**

GSTN vide advisory dated 16<sup>th</sup> January 2023 has issued an advisory for the taxpayers who are facing issue in filing GSTR-3B due to non-filing of TRAN Forms. GSTN has advised such taxpayers to raise a ticket on GST Grievance Portal giving consent that their TRAN filing status may be reset by GSTN.

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

C. **MCA Notifications & Circulars**

9) **OPCs to declare nominee details in MoA and shall file such nomination in SPICe+ form.**

MCA vide notification no G.S.R. 42(E) dated 19<sup>th</sup> January, 2023 has amended the companies (Incorporation) Rules, 2014, now OPCs are required to declare nominee details along with consent of such nominee in Form INC-32 with Registrar of Companies at the time of incorporation of the Company.

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

10) **MCA entails detailed disclosures relating to charges/valuations in the revised forms PAS-2, PAS-3, & PAS-6.**

MCA vide notification no G.S.R. 37(E) dated 20<sup>th</sup> January, 2023 has amended the companies (Prospectus and Allotment of Securities) Rules, 2014 substituted form PAS-2, PAS-3 & PAS-6 with the new forms.

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

11) **MCA substitutes form FC-1, FC-2, FC-3 & FC-4 with the new version of forms.**

MCA vide notification no G.S.R. 36(E) dated 20<sup>th</sup> January, 2023 has amended the companies (Registration of Foreign Companies) Rules, 2014 substituted form FC-1, FC-2, FC-3 & FC-4 with the new forms FC-1, FC- 2, FC-3 & FC-4.

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

**12) MCA tweaks MR-1 and MR-2 forms; seeks detailed info regarding Non Resident managerial persons and pleas pending before Tribunals.**

MCA vide notification no G.S.R. 41(E) dated 19<sup>th</sup> January, 2023 has amended the companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014. Forms MR-1 & MR-2 have been modified. Now, in form MR-1, additional disclosure relating to whether the appointee is a Non-Resident and SRN of MR-2 for obtaining Central Government's approval (as applicable) is to be mentioned. Further, in form MR- 2, additional disclosure relating to details of application pending before NCLT/NCLAT has to be given.

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

**13) Companies that are buying-back securities need to file a declaration with RoC certifying that buy-back is compliant with Companies Act.**

MCA vide notification no G.S.R. 43(E) dated 21<sup>th</sup> January, 2023 has amended the companies (Share Capital and Debentures) Rules, 2014. Now, a declaration must be filed along with the return to ROC in Form No. SH.11, signed by two directors of the company including the managing director, if any, certifying that the buy-back of securities has been made in compliance with the provisions of the Act. Further, the MCA has removed the requirement to annex form SH-15 along with SH-11. Also, MCA has substituted forms SH-7, SH-8 and SH-9.

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

**14) MCA revised form MGT-3, enhances disclosure w.r.t. foreign register maintained by companies having nonresident securities holders.**

MCA vide notification no G.S.R. 44(E) dated 21<sup>th</sup> January, 2023 has notified the companies (Management and Administration) Rules, 2023. Under the extant norms, if authorized by its article, companies may keep a foreign register containing names and particulars of members, debenture-holders, etc. residing outside India. The company is also required to file Form MGT-3 with ROC within 30 days from the date of Notice of situation of office/Change of situation /discontinuation of office. The MCA has enhanced the disclosures to be made in Form MGT-3. Thus, greater disclosures relating to Notice of situation of office/Change of situation /discontinuation of office where a foreign register is kept is to be given.

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

**15) MCA substituted form MSC-1, MSC-3, & MSC-4 with the new version of forms.**

MCA vide notification no G.S.R. 46(E) dated 20<sup>th</sup> January, 2023 has amended the companies (Miscellaneous) Rules, 2014. The Ministry has substituted form MSC-1, MSC-3 & MSC-4 with the new forms. Now, in form MSC-1, details relating to filing of last financial statement and annual returns is to be provided. In form MSC-3, break up of existing share capital of the company is to be provided. Further, in form MSC-4, Compliance related details such as intention to obtain Active status, description of non-compliance condition shall also be provided.

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



## IMPORTANT JUDGEMENTS

### JUDGEMENTS PERTAINING TO INCOME TAX ACT, 1961

#### 1. Premier Irrigation Adritec (P) Ltd v/s Assistant Commissioner of Income-tax

Appeal Number: IT APPEAL NO. 387 (KOL.) OF 2021

Date of Ruling: 20/01/2023

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

Section Reference Number: Sec 36, 37, and 201 of Income Tax Act, 1961

Interest payment on delayed deposit of Income Tax, whether TDS or otherwise, is not an allowable expenditure.

#### FACTS

The assessee had claimed a sum of Rs.4.99 crores as expenses for interest paid on TDS. The Assessing Officer observed from the profit and loss account of the assessee that such payment of interest on delayed deposit of TDS was not an allowable deduction. He accordingly disallowed the aforesaid expenditure claimed by the assessee. On appeal, the Commissioner (Appeals), confirmed the addition so made by the Assessing Officer. Subsequently, an appeal was preferred before ITAT.

#### HELD AS UNDER

ITAT stated that as per the provisions of section 201(1), *“a person responsible to deduct tax, if does not deduct tax or if, after so deducting, fails to deposit the same with the Income Tax Department, then such person is deemed to be an assessee in default in respect of such tax.”*

Therefore, TDS though deductible from the income of the payee, becomes the tax liability of the deductor and the non-deduction or non-depositing of the same would put such deductor in the category of tax defaulter and such tax, though leviable on the income of the payee, along with interest, becomes a charge upon the property of such deductor.

ITAT further said that the interest on late payment of TDS, is not covered either under the provision of sections 30 to 36, nor it qualified as an expenditure wholly and exclusively incurred for the purpose of business or profession under section 37. For claiming any expenditure as deduction, firstly it should qualify and fall within the ambit and scope of deductible expenditure as per the provisions of section 30 to 37.

Furthermore, even though if the payee took into account the said receipts for the purpose of computation of income and paid tax thereupon and filed the return of income, then such person responsible/deductor is absolved from the liability of payment of tax which he was liable to deduct and deposit but he is not absolved from the payment of interest for the period of default from the date from which such tax was liable to be deducted and the date on such tax was actually paid by the deductee/payee. Allowability of such interest payment on delayed deposit of TDS as deduction would defeat the very purpose of the TDS provisions ensuring the deduction of taxes from the income of the recipient and the payment/deposit thereof with the Central Government within the due time.

Considering the facts of the case and provisions of the law, ITAT held that the interest payment on delayed deposit of Income Tax, whether TDS or otherwise, shall not be considered as an allowable expenditure. Therefore, the appeal of the assessee was dismissed.

## 2. Grih Kalyan Kendra Board Vs ITO

**Appeal Number: ITA No. 1993/Del/2021**

**Date of Ruling: 05/12/2022**

**Judicial Level & Location: Income Tax Appellate Tribunal (Delhi)**

**Section Reference Number: Sec 154,12A,11,10 of Income Tax Act, 1961**

### Non-disclosure of Sec.12A registration in ITR, rectifiable; Revised return not necessary

#### FACTS

The assessee is a government body registered under section 12A of the Income Tax Act, 1961. The assessee filed wrong particulars with regard to claim of benefit of registration under Section 12AA as 'No' in its ITR for AY 2013-14.

Due to the mistake in filing the ITR, the assessee was denied the exemption of Rs.3.74 Cr under Section 11, against which the assessee had filed a rectification application under Section 154 of the Act. The learned AO dismissed the assessee's rectification application on the ground that assessee did not claim any exemption under Section 11 in the return of income nor did it file a revised return claiming the exemption.

Further, CIT (A) confirmed the rejection of application u/s 154 and disallowance u/s 11 of the Act. Aggrieved by the same assessee preferred an appeal before the ITAT.

#### HELD AS UNDER

ITAT relied on the Supreme Court ruling in *Volkart Brothers and Anchor Pressing* whereby it was held that the power of rectification of mistakes under Section 154 is a limited power which is restricted to rectification of mistakes apparent from the record.

Further, ITAT relied on Bombay High Court ruling in *Gammon India* and Madras HC ruling in *M.R.M. Plantations*, wherein it was held that the word 'record' from the phrase 'mistake apparent from the record' insinuates the record of the case comprising the entire proceedings including documents and materials produced by the parties and taken on record by the authorities which were available at the time of passing of the order which was the subject-matter of proceedings for rectification u/s 154.

ITAT after considering the rulings and the judgements given by the respective courts rejected the CIT (A) arguments of disallowing the Sec 11 exemption on the basis of non-filing of revised return. Further, it observed that rectification application was a more appropriate remedy as compared to filling of revised return.

ITAT further stated that the assessee even though mistakenly had mentioned 'No' in the return of income where date of approval/ registrations etc. under Section 12A was to be disclosed, the assessee had correctly disclosed the claim of total exemption of Rs. 3.74 Cr in the field where

exemption for charitable/ religious places was to be mentioned in the ITR. Furthermore, it observed that the notice of demand issued by CPC mentioned that if the Assessee did not agree with the computation of the income it can seek online rectification by providing the correct data, which established that the nature of mistake was such that it could have been rectified under Section 154.

ITAT opined that *“primarily the mistake was one which was in the personal information of the assessee. Such a mistake is always rectifiable at any stage.”* Further, held that the claim of exemption under Section 11 was substantiated in the computation of income, with complete details available with regard to nature of income earned and how the income was utilized in accordance with the law to claim the exemption.

Lastly, after considering the facts and several case laws ITAT arrived at the conclusion stating that it cannot be said that a new or fresh claim was being raised without revising the return. Thus, holds that the Revenue erred in not considering the rectification application filed by Assessee. Accordingly, the appeal of the assessee was allowed.

### JUDGEMENTS PERTAINING TO GOODS AND SERVICE TAX ACT

#### 3. Deputy Commissioner /Assistant Commissioner of State Tax Vs Modicum Enterprise (OPC)

**Appeal Number: M.A.T NO.1828 OF 2022**

**Date of Ruling: 22/12/2022**

**Judicial Level & Location: High Court of Calcutta**

**Section Reference Number: 47 of the CGST Act, 2017**

**No late fee to be charged if return filed due to cancellation of GST registration, which was restored subsequently.**

#### **FACTS**

M/s. Modicum Enterprise (OPC) Private Limited (“the Appellant”) was a registered dealer under the provisions of the CGST Act whose, GST Registration was cancelled by the Revenue Department (“the Respondent”) on the ground that it was a non-existing dealer. The Appellant preferred an appeal before Appellate Authority, which was allowed by an order dated July 22, 2022 (“the Appellate Order”) wherein, it was held that the cancellation of Petitioner’s GST Registration was incorrect. Subsequently, the cancellation of GST Registration was revoked and restored.

However, when the Appellant attempted to file returns, there was a demand of Rs. 5,000/- per return as late fee payable under Section 47 of the CGST Act, against which, the Appellant filed a petition wherein, the learned Single Judge vide order dated September 28, 2022 (“the Impugned Order”), declined to grant interim order to the Appellant. Being aggrieved, the appeal was preferred before the High Court.

#### **HELD AS UNDER**

The Hon’ble HC analyzed Section 47 of the CGST Act and noted that the provision dealt with a person who failed to furnish the returns either under Section 39 or Section 45 or Section 44 of the CGST Act. Further, observed that the Respondent did not state that the Appellant had failed to furnish its return within due date. However, the reason for non-furnishing of returns was the cancellation of GST Registration on the ground that the Appellant is a non-existing dealer.

The HC noted that the cancellation of Appellant's GST Registration was restored by the Appellate Authority on the grounds that order was passed on a factually incorrect premise. Hence, the Appellant could not be penalized by demanding late fee and Section 47 of the CGST Act cannot be attracted.

The HC held that the demand of late fee of RS. 5,000/- per return from the Appellant is without jurisdiction and not tenable in the eyes of law. Further, directed the Respondent not to initiate any fresh proceedings for cancellation of the GST Registration on the grounds of non-filing of the return. Therefore, the appeal of the appellant was allowed.

### SUMMARY OF AAR RULINGS

#### **1. AUTHORITY FOR ADVANCE RULINGS, CHHATTISGARH**

Supply of sweets, namkeens, cold drinks and other edible items from sweetshop counter will be treated as supply of goods with applicable GST rates of items being sold and input tax credit would be available on such supply.

#### **2. AUTHORITY FOR ADVANCE RULINGS, GUJARAT**

- Supply of different stationary products in single box/pack and in single price made by applicant is covered under category of mixed supply under section 2(74) and supply which attracts higher rate of tax among all taxable supplies containing in pack/box shall be applicable rate of tax for said mixed supply.
- No GST leviable on plantation of mangroves carried out by assessee for other than profit motive.

**QUARTERLY RESULTS OF COMPANIES FOR Q3 (F.Y. 2022-23)****“A small profit is better than a big loss.”****-Ron Rash**

The Q3 financial results of the various Indian listed/unlisted companies have seen a considerable surge in the net profit as compared to last fiscal year.

The summary of net profits of various companies is listed as below:

Sr No	Name of share	Net Profit (Crores)	Percentage change YoY
1	Bajaj Finance Limited	Rs.2,973/-	40%
2	Vedanta Limited	Rs.2,464/-	(41%)
3	Infosys	Rs.6,586/-	13%
4	HDFC Bank	Rs.10,342/-	18%
5	Maruti Suzuki India Ltd	Rs.2,351/-	132%
6	HCL Technologies	Rs.4,096/-	19%
7	Bajaj Auto	Rs.1,491/-	23%
8	ICICI Bank	Rs.8,312/-	34%
9	Reliance Industries	Rs.15,792/-	(15%)
10	TVS Motors	Rs.304/-	28%
11	Axis Bank	Rs.5,853/-	62%
12	Tata Consultancy Services	Rs.10,846/-	11%
13	Reliance Jio	Rs.4,638/-	28%
14	Hindustan Unilever	Rs.2,505/-	12%
15	IGL	Rs.334/-	(11%)
16	IndiGrid	Rs.120/-	27%
17	Jyothy Labs	Rs.673/-	77%
18	Poonawalla Fincorp	Rs.150/-	88%
19	Shoppers Stop	Rs.63/-	(19%)
20	Jindal Stainless	Rs.299/-	(32%)

### NATIONAL NEWS UPDATES

1. India's wholesale price index (WPI) inflation declined to 4.95% in December, which is a 22-month low. The decline is driven primarily by a fall in prices of food articles, mineral oils, crude petroleum, natural gas and other food products.
2. Isha Ambani-led Reliance Retail has acquired Telangana and Andhra Pradesh-based footwear and apparel retailer V Retail Pvt Ltd, which operates a retail chain under the brand name 'Centro Style'.
3. According to research by Counterpoint, India's smartphone shipments declined 9% year-on-year to reach over 152 million units in 2022. Samsung led the market in 2022 in terms of shipment value share with a 22% share followed by Apple at 18%. In terms of shipment volume, Xiaomi led the market in 2022 with a 20% share.
4. The UN's World Economic Situation and Prospects 2023 report quoted that India's GDP is projected to remain strong at 5.8% in 2023 as higher interest rates and global economic slowdown weigh on investment and exports.
5. SEBI has imposed a fine of ₹26 crore against Coffee Day Enterprises, the parent company of Cafe Coffee Day, for diversion of funds worth ₹3,535 crore. SEBI said that these funds were diverted from the company and its seven subsidiaries causing losses to shareholders.
6. Ministry of Road Transport Highways reported that the total toll collection through FASTag on fee plazas, including State Highway and toll plazas, increased by 46% to ₹50,855 crore in 2022 from ₹34,778 crore in 2021. The average daily toll collection through FASTag on NH fee plazas in December 2022 was ₹134.44 crore.
7. The government has reduced the windfall tax on domestically produced crude oil and exports of ATF and diesel. Crude oil tax was reduced to ₹1,900 per tonne from ₹2,100 per tonne and the export tax on ATF was reduced to ₹3.5 per litre from ₹4.5 per litre. Diesel export tax was reduced to ₹5 per litre from ₹6.5 per litre.
8. Adani Enterprises' ₹20,000-crore follow-on public offer (FPO), the biggest in India, opened on January 27 and subsequently closed on January 31, 2023. The floor price of the offer was ₹3,112 per share and the cap price was ₹3,276 per share.
9. Indian stocks accounting for 80% of the country's total equity market capitalization moved to T+1 settlement from 27<sup>th</sup> January 2023.
10. PhonePe has raised \$350 million from private equity firm named General Atlantic at a pre-money valuation of over \$12 billion due to which the digital payments app has become a decacorn and the most valued fintech startup in India.
11. A report from Hindenburg Research on Indian tycoon Gautam Adani's business empire sparked a USD 51 billion sell-off in shares of his group companies, pushing him four places down on the world billionaire index.

### FINANCIAL NEWS FROM AROUND THE GLOBE

1. Tesla reported record quarterly revenue and net profit, which came in respectively at \$24.3bn and \$3.7bn. It was good news for the carmaker after it missed its annual target for delivering vehicles.
2. Qatar's investment agency has doubled its stake in Credit Suisse and now owns 6.8% of the Swiss bank, according to a regulatory filing. It is now the second-largest shareholder in Credit Suisse, after Saudi National Bank, which holds a stake of 9.9%.
3. Goldman Sachs reported a slump in profit for the fourth quarter, caused in part by a slowdown in investment banking. The bank is shedding 6.5% of its staff, including investment bankers, as part of a cost-cutting drive. Still, Goldman's net profit for the whole of 2022 came in at \$11.3bn.
4. China's economy grew by just 3% in 2022, the weakest expansion since 1976 apart from 2020. Last year brought more extensive lockdowns in China, disrupting factories and consumer spending. China's exports in December fell by 9.9% year-on-year in dollar terms, the sharpest decline since the start of the pandemic.
5. Underlining the surge in demand for air travel after almost three years of covid restrictions, Ryanair, Europe's biggest airline, took 4.95m bookings in a week, its most ever. And United Airlines said its profit in the fourth quarter of 2022 was almost a third higher than in the same period of 2019, before the pandemic. It expects sales to be 50% higher this quarter than in the same three months last year.
6. The World Bank sharply reduced its forecast of world economic growth this year, to 1.7%, which would be the third-weakest pace in nearly three decades, behind the global recessions of 2009 and 2020.
7. Rolls-Royce had a record year in 2022, selling 6,021 vehicles, the first time in its 118-year history that annual sales have exceeded 6,000.
8. The euro became Croatia's official currency on January 1<sup>st</sup>. The south-eastern European country is the 20th member of the euro zone.
9. Stock markets ended 2022 on a low note. During the year the S&P 500 fell by 19%, the tech-heavy Nasdaq composite by 33% and the Dow Jones Industrial Average by 9%, their worst performance since 2008. Apple shed \$846bn in market value and Amazon \$834bn.
10. Google fired 12,000 employees, Microsoft indicated it will let go 10,000 staff members. Additionally, Amazon started a new round of layoffs, which will result in the greatest personnel decrease in the e-28-year retailer's history and more than 18,000 job losses.



### SNAPSHOT OF THE FINANCIAL MARKETS

- Rupee has appreciated a bit in the month of Jan 2023 against USD, on 31<sup>st</sup> Dec 2022 the rupee had settled at **Rs. 82.75/-** against the closing value of **Rs. 81.76 /-** on 31<sup>st</sup> Jan 2023.
- The summary of Indices is as follows:

Indices	Dec 2022 (Closing Value)	Jan 2023 (Closing Value)	Percentage change during the month
NIFTY 50	18,105	17,662	(2.44%)
SENSEX	60,841	59,550	(2.12%)
BANK NIFTY	42,987	40,655	(5.42%)

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

Indices	Dec 2022 (Closing Value)	Jan 2023 (Closing Value)	Percentage Change during the month
NASDAQ COMPOSITE	10,467	11,584	10.67%
NIKKEI 225	26,095	27,432	5.12%
SHANGHAI	3,090	3,258	5.43%
DAX	13,924	15,128	8.64%
KOSPI	2,236	2,450	9.57%

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

Crypto's	Dec 2022 (Closing Value) in USD	Jan 2023 (Closing Value in USD)	Percentage Change during the month
BITCOIN	16,570	23,136	39.62%
ETHEREUM	1,197	1,586	32.49%
DOGECOIN	0.070	0.096	37.14%

- The Brent crude oil rate per barrel has seen a gradual decrease in the month of January 2023. On 30<sup>th</sup> Dec 2022 the rates had settled at \$85.65/- while on 31<sup>st</sup> Jan 2023 the rates were \$85.53/.

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