

HSCo

www.hscollp.in

Monthly Newsletter Series

May 2023 | Vol 118

KNOWL with an **EDGE**



Income Tax

| Page 1

by: Manish Parekh

GST

| Page 3

by: Anuya Sawant

FEMA

| Page 4

by: Bhavesh Shah

Company Law

| Page 5

by: Pinkesh Jain

Compliance Calendar

| Page 6

by: Pinkesh Jain

Income Tax Department has notified Cost Inflation Index for current Financial Year 2023-24

The Income Tax Department has notified the Cost Inflation Index for the current fiscal beginning April 2023, for calculating long-term capital gains. The Cost Inflation Index for FY 2023-24 relevant to AY 2024-25 is notified at 348, as per notification of the Central Board of Direct Taxes (CBDT).

<https://incometaxindia.gov.in/communications/notification/notification-21-2023.pdf>

Closer scrutiny on tax filings of NRIs : Asked to tally funds in A/Cs to filings

Transactions of a section of non-resident Indians (NRIs) have come under the scanner of the income tax department, which suspects due taxes may not have been paid by them. According to sources, an unprecedentedly high number of NRIs have received notices from the tax authorities in recent weeks, asking them to correlate the funds in their bank accounts or investments made by them, with the incomes reported in their tax filings. In many cases, the notices are being sent under Section 148 (A), which means the authorities possess information to the effect that certain income has escaped assessment and believe more tax may be payable.

<https://www.financialexpress.com>

Tax probe against Insurers, MFs widened, more notices being sent

Tax authorities have widened an ongoing probe against a few financial-sector companies including insurers and mutual funds, for alleged tax evasion, with both the Goods and Services Tax and the Income Tax departments planning to send more show cause notices to them.

"This is an industry-wide issue that is being investigated by both the income tax and GST officials," said a senior official, noting that the issue does not fall in the purview of the insurance regulator and is hence being investigated by tax officials.

<https://www.financialexpress.com>

Examine top 30 cases of TDS falling short: CBDT to tax department

The Central Board of Direct Taxes (CBDT) has asked the tax department to examine the top 30 cases of tax deducted at source (TDS) falling short and issue tax demand by June 30.

The directive is part of a recent action plan floated by the apex decision-making body in matters of income tax (I-T) in which it said to prioritise prosecution filing, disposal of pending appeals, and enhanced use of technology in the first half of the current financial year (2023-24).

"There are instances where the assessee deducts TDS for such an amount which turns out to be lower than the rates prescribed in the Income Tax Act. That could be deliberate or due to ignorance," a tax official said. "While filing the return, one should keep in mind that on every payment, the amount of tax deducted is not short of the amount which should have been deducted if tax were to be deducted at the prescribed rate. If such a case is found, the balance tax should immediately be deposited vide a new challan."

<https://www.business-standard.com>

I-T dept to soon notify modified valuation rules, investor classes for taxing foreign investments in unlisted cos

The Income Tax Department will soon notify rules specifying the class of investors and norm of valuation for implementation of the Budget provision of taxing foreign investment in unlisted companies.

The modified valuation rules would provide for ascertaining the fair market value (FMV) of shares of unlisted companies to levy tax on non-resident investments, an official said.

<https://www.financialexpress.com>

Clarification regarding deduction of TDS under section 192 read with sub-section (IA) of section 115BAC of the Income-tax Act, 1961

1. Vide Finance Act, 2023, sub-section (IA) has been inserted in section 115BAC of the Income-tax Act, 1961 (the Act) to provide for a new tax regime with

with effect from the assessment year beginning on or after the 1st day of April, 2024. This regime applies to an individual or Hindu undivided family or association of persons [other than a cooperative society] or body of individuals, whether incorporated or not, or an artificial juridical person.

Under this new regime, the income-tax in respect of the total income of the person shall be computed at the rates provided in sub-section (1 A) of section 115BAC, subject to certain conditions, including the condition that the person does not avail of specified exemptions and deductions.

2. The above mentioned new tax regime is the default tax regime applicable to all persons mentioned above. However, under sub-section (6) of section 115BAC of the Act, a person may exercise an option to opt out of this tax regime. A person not having income from business or profession can exercise this option every year.

3. Representations have been received expressing concerns regarding tax to be deducted at source (TDS) on salary income of a person under section 192 of the Act as the deductor, being an employer, would not know if the person, being an employee, would opt out from taxation under sub-section (1 A) of section 115BAC of the Act or not.

4. In order to avoid the genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, hereby directs that a deductor, being an employer, shall seek information from each of its employees having income under section 192 of the Act regarding their intended tax regime and each such employee shall intimate the same to the deductor, being his employer, regarding his intended tax regime for each year and upon intimation, the deductor shall compute his total income, and deduct tax at source thereon according to the option exercised.

5. If intimation is not made by the employee, it shall be presumed that the employee continues to be in the default tax regime and has not exercised the option to opt out of the new tax regime. Accordingly, in such a case, the employer shall deduct tax at source, on income under section 192 of the Act, in accordance

with the rates provided under sub-section (1A) of section 115BAC of the Act.

6. It is also clarified that the intimation would not amount to exercising option in terms of sub-section (6) of section 115BAC of the Act and the person shall be required to do so separately in accordance with the provisions of the sub-section.

7. This circular is in supersession of Circular No. CI of 2020 dated 13.04.2020 and shall be applicable for TDS during the financial year 2023-24 and subsequent years.

<https://incometaxindia.gov.in/communications/circular/circular-no-4-2023.pdf>

Guidelines issued by CBIC for Special All-India Drive against fake registrations

During the National Co-ordination Meeting of the State and Central GST officers held at New Delhi on April 24, 2023, the issue of unscrupulous elements misusing the identity of other persons to obtain fake/ bogus registration under GST, with an intention to defraud the Government exchequer, was deliberated. Such fake/ non-genuine registrations are being used to fraudulently pass on input tax credit to unscrupulous recipients by issuing invoices without any underlying supply of goods or services or both. This menace of fake registrations and issuance of bogus invoices for passing of fake ITC has become a serious problem, wherein fraudulent people engage in dubious and complex transactions, causing revenue loss to the government.

Considering this issue, a detailed guideline has been issued by the Central Board Indirect Taxes & Customs, to all the Principal Chief Commissioners / Chief Commissioners / Principal Commissioners / Commissioners of Central Tax All the Principal Directors General/Directors General of Central Tax.

A Special All-India Drive may be launched by all Central and State Tax administrations during the period May 16, 2023 to July 15, 2023 to detect suspicious / fake GSTINs and to conduct requisite verification and further remedial action to weed out these fake billers from the GST eco-system and to safeguard Government revenue. Officers have been instructed to submit a report on fake registrations. They have been granted the power to take action, including suspension, cancellation, and blocking of input tax credit, as well as provisional attachment of bank accounts, in case any discrepancies are found during inspections. The scrutiny process is driven by a combination of analytical tools and human intelligence, as well as physical inspections conducted by officers.

Instruction No. 01/2023-GST dated May 4, 2023

Deferment of implementation of Time Limit on reporting of old e-invoices by three months

As per the advisory issued on April 13, 2023, the GST authorities had imposed a timeline for businesses

with turnover of Rs 100 crore and above for uploading e-invoices on the Invoice Registration Portal (IRP) within 7 days of the issue of such invoices beginning May 1, 2023. Previously, there was no such restriction for businesses to upload the invoices on the IRP.

In an advisory issued to taxpayers on May 6, 2023, said it has been decided by the competent authority to defer the imposition of time limit of 7 days on reporting of old e-invoices on the e-invoice IRP portals for taxpayers with aggregate turnover greater than or equal to Rs 100 crore by three months. The next date of implementation will be shared in due course of time.

Online submission of Form A2 permitted in case of Authorized Dealers Category-II entities

Category I Authorized Dealers are select banks who can carry out all permissible current and capital account transactions as per the directions issued from time to time by the Reserve Bank of India (RBI).

Category II are select entities to carry out specified non-trade related current account transactions, all the activities permitted to Full Fledged Money Changers and any other activity as decided by the RBI.

Besides Category I Authorized Dealers, the RBI has now decided to permit AD Category-II entities also to allow online submission of Form A2. Form A2 is a FEMA declaration cum application for the purchase of foreign exchange for remittance purposes, other than for imports and remittances covering intermediary trade. AD Category-II entities shall frame appropriate guidelines with the approval of their Board within the ambit of extant statutory and regulatory framework.

The terms and conditions shall continue to apply, as hitherto, to all Authorized Dealers.

RBI/2023-24/16 A.P. (DIR Series) Circular No. 02 dated April 12, 2023

Remittances to International Financial Services Centers (IFSCs) under the Liberalized Remittance Scheme (LRS)

On a review and with an objective to align the LRS for IFSCs set up under the International Financial Services Centers Authority Act, 2019 vis-à-vis other foreign jurisdictions, the RBI has decided to amend its directions on Remittances to IFSCs in India under the LRS.

Now the Resident Individuals may also open a Foreign Currency Account (FCA) in IFSCs, for making the permissible investments under LRS. Thus, the condition of repatriating any funds lying idle in the account for a period up to 15 days from the date of its receipt is withdrawn with immediate effect, which shall now be governed by the provisions of the scheme as contained in the Master Direction on LRS.

RBI/2023-24/21 A.P. (DIR Series) Circular No.03 dated April 26, 2023

Amendment to The Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016

The Ministry of Corporate Affairs (MCA) has issued a notification on 17th April, 2023 which is effective from 01st May, 2023 to amend the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016. The Ministry has set up a separate centre i.e. Centre for Processing Accelerated Corporate Exit (C-PACE) to process and dispose of applications for removal of Names of Companies from the Register of Companies. The Amendment states that the Registrar, Centre for Processing Accelerated Corporate Exit shall be the Registrar of Companies for the purpose of exercising functional jurisdiction of processing and disposal of applications for removal of Names of Companies from the Register of Companies and the concerned Registrar shall have territorial jurisdiction all over India. The Amendment has substituted new e-Form STK-2, Form STK-6 and Form STK-7.

<https://www.mca.gov.in/bin/dms/getdocument?mds=aXFM3x3zIHizG%252Bdju1LKvQ%253D%253D&type=open>

Compliance Calendar

by: Pinkesh Jain
pinkesh.jain@hscollp.in

HSCo

Due dates for the Month of Jun, 2023#

Regulation	Due Date	Compliance	Description
Income Tax Act, 1961	7-Jun-23	TDS/TCS	Due date for deposit of Tax deducted/collected for the month of May, 2023.
	14-Jun-23	TDS/TCS	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194-M in the month of April, 2023
	15-Jun-23	TDS/TCS	Quarterly TDS certificates (in respect of tax deducted for payments other than salary) for the quarter ending March, 2023
	15-Jun-23	Advance Tax	First instalment of advance tax for the assessment year 2024-25
	15-Jun-23	TDS/TCS	Certificate of tax deducted at source to employees in respect of salary paid and tax deducted during Financial Year 2022-23
	30-Jun-23	TDS/TCS	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA/194-IB/194-M in the month of May, 2023
	30-Jun-23	Equilisation Levy	Furnishing of Equalisation Levy statement for the Financial Year 2022-23
	30-Jun-23	PAN Linking	Deadline for linking PAN with Aadhaar to avoid PAN becoming inoperative Note: The deadline has been extended from March 31, 2023, to June 30, 2023, vide press release, dated 28-03-2023"
Goods and Service Tax (GST)	10-Jun-23	GSTR 7	Summary of Tax Deducted at Source (TDS) and deposited for the month of May, 2023
	10-Jun-23	GSTR 8	Summary of Tax Collected at Source (TCS) and deposited by E-Commerce Operator for the month of May, 2023
	11-Jun-23	GSTR -1	Return of outward supplies of taxable goods and/or services for the Month of May, 2023 (for Assessors having turnover exceeding 1.5 Cr.)
	13-Jun-23	IFF-QRMP	Option of uploading Invoices for May 2023 using Invoice Furnishing Facility (IFF) applicable to tax payers opted for Quarterly Return Monthly Payment (QRMP) Scheme
	13-Jun-23	GSTR 6	Return for Input Service Distributors for the month of May, 2023
	20-Jun-23	GSTR-3B (Monthly)	Simple GSTR return for the month of May, 2023 for assessee having monthly periodicity
PT Act 1975 (Employee)	30-Jun-23	PT Employees	Monthly PT Payment for the month of May, 2023
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	15-Jun-23	PF Payment	PF Payment for the month of May, 2023
Employees' State Insurance Act, 1948 - (ESIC)	15-Jun-23	ESIC Payment	ESIC Payment for the month of May, 2023
The Companies Act 2013	30-Jun-23	DPT-3	Filing of Form DPT 3 (Return of Deposits) for FY 2022-23

The above due date calendar contains compliances generally applicable to taxpayers and this calendar has been compiled by HSCo on basis of data available on various portals and other sources. One should always check applicable compliances based on their business needs and should also check updated due dates, if any, on the government portal before making the compliance.

36+Years of operation
in India**8**

Partners

70+

Team Members

5Offices across
India**1000+**

Clients

15+Countries Served
Globally**SSAE18**

Compliant

ICAI Certified

Peer Reviewed Firm

IBBI Certified

Registered Valuer

Partners with:**125+ Years**Collective
Experience**CPA** Member

AICPA - USA

ACA Member

ICAEW - UK

**Truly Indian. Serving Globally.**www.hscollp.in**India Setup | Business Support | Audit & Assurance | Tax & Regulatory****Mumbai (HO)**409 / 410, Dalamal
Chambers,
New Marine Lines,
Mumbai – 400 020E: hs@hscollp.in**Delhi**B-415, Ansal Chamber-I,
3 Bhikaji Cama Place,
New Delhi – 110 066E: delhi@hscollp.in**Bangalore**Brigade IRV, 9th & 10th
floor, Nallurahalli,
Whitefield,
Bangalore – 560 066E: bangalore@hscollp.in**Pune**1A, 2nd Floor, City Vista,
Fountain Road,
Kharadi,
Pune – 411 014E: pune@hscollp.in**Hyderabad**Unit 301, Inani House,
Kavuri Hills Madhapur,
Phase II, Near D-Mart,
Hyderabad – 500 033E: hyderabad@hscollp.in**Disclaimer:**

The material in this newsletter is only for private circulation and is not intended to constitute any advice. It may be noted that nothing contained in this publication should be regarded as our opinion. HSCo makes no representations or warranties express or implied with respect to information provided in this newsletter or for its completeness or accuracy. HSCo disclaims all responsibilities and accepts no liability for consequences of any person acting or refraining from acting on such information.