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Monthly Newsletter Series

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CBDT notifies e appeals scheme 2023

The Central Board of Direct Taxes (CBDT) on Tuesday launched "e appeal" scheme announced in the budget to reduce pendency of appeals related to Tax Deducted at Source (TDS) default issues and tax collection at source (TCS).

The scheme empowers the Joint Commissioner (Appeals) for disposing of appeals filed before it or allocated or transferred to it, with power to send show cause notice, initiate penalty under the relevant provisions of the Act.

<https://economictimes.indiatimes.com>

Income tax department lens on deposits under small savings schemes

The income tax department has detected 'benami' deposits of Rs 50 lakh and above in small saving schemes such as the Kisan Vikas Patra and National Savings Certificate (NSC) in the name of minor children or household help.

The department has been sending notices in instances where the deposits are of Rs 1 crore or more, officials told ET.

<https://economictimes.indiatimes.com>

New tax benefit for non-government salaried employees: CBDT notifies Rs 25 lakh Leave Encashment limit

Leave Salary Encashment Limit Hike: The Central Board of Direct Taxes (CBDT) has notified the increase of the leave salary encashment limit for non-Government employees to Rs 25 lakh. The previous limit was just Rs 3 lakh.

The increased leave encashment limit will be applicable from FY 2023-24, starting from April 1, as per the notification.

<https://www.financialexpress.com>

Average time taken for issuing I-T refunds reduced to 16 days in FY23: CBDT

Average time taken for issuing refunds by the income tax department has been brought down "significantly"

and 80 per cent of refunds were issued in the first 30 days of filing of returns during the 2022-23 fiscal, CBDT Chairman Nitin Gupta has said.

The chief of the Central Board of Direct Taxes (CBDT) said the work of processing Income Tax Returns (ITRs) has been "expedited" as the tax department is leveraging technology in a big way and was working to ensure 'ease of doing business' for the taxpayers by promoting voluntary compliance.

"We have expedited the processing of returns and quicker issue of refunds. The average time taken for processing of returns has been reduced to only 16 days in the financial year 2022-23 as against 26 days in the previous 2021-22 fiscal," Gupta said.

"We have seen a hundred per cent increase in the total percentage of ITRs processed within one day of their filing. This percentage has increased from 21 per cent for assessment year (AY) 2021-22 to 42 per cent for AY 2022-23," Gupta said on Thursday while speaking at the online 'Samvaad' session hosted by the I-T department"

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

I-T dept to keep open SFT returns filing portal for FY'23 for 'couple days'

Under SFT, specified institutions are required to furnish the details of certain financial transactions or any reportable account registered / recorded / maintained by them during the year.

Banks, foreign exchange dealers and other reporting entities have 'couple of days more' to report high-value transactions done by their clients in 2022-23 by filing SFT returns, the I-T department has said.

The last date for filing statement of financial transactions (SFT) for 2022-23 fiscal was May 31. In a tweet, the I-T department said due to heavy traffic on the reporting portal, some SFT filers may have encountered difficulties in filing SFT returns." the functionality for filing of SFT returns will remain open for a couple of days more to enable smooth filing of SFT returns," the tax department tweeted late Wednesday night.

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

ITAT quashes taxing Swiss a/c funds in hands of NRI

In a relief to Amrita Jhaveri, considered to be a leading authority on Indian painters and a well-known art dealer, the income-tax appellate tribunal (ITAT) quashed the reopening of her case for two financial years (2005-06 and 2006-07) and addition of an income of Rs 2.3 crore, the rupee equivalent of the balances appearing in HSBC bank accounts in Geneva.

Cases can be reopened within 16 years from the end of the relevant assessment year, if the income in relation to an overseas asset has escaped tax in India.

Based on 'legal technicalities' and without going into 'the merits of the case', the tax tribunal held that I-T can't reopen case of a non-resident under the Income tax Act, based on vague and general information.

<https://timesofindia.indiatimes.com>

TDS is applicable on interest earned from Mahila Samman Savings Scheme: CBDT

The Central Board of Direct Taxes (CBDT) has issued a notification clarifying that TDS will be applicable to the interest earned on the Mahila Samman Savings Scheme. As per the new notification, tax will be deducted on the interest earned from the Mahila Samman Savings Scheme under Section 194A of the Income Tax Act, 1961. The notification was issued by the income tax department on May 16, 2023.

How is TDS calculated?

The TDS under Section 194A is applicable if the interest earned from the scheme in a financial year exceeds Rs 40,000. The interest can be earned from deposits held with a bank, post office or co-operative society. This is the same way TDS is applicable on the interest earned on bank FDs. In case of senior citizens, the threshold is Rs 50,000, instead of Rs 40,000.

<https://economictimes.indiatimes.com>

E-invoicing will be applicable for the taxpayers having aggregate turnover exceeding Rs.5 Cr

E-invoicing will be applicable to taxpayers having aggregate turnover exceeding Rs.5 Cr effective from August 1, 2023. If the turnover had exceeded this specified limit during any of the Financial Year from FY 2017-18 till date, then E-invoicing will be applicable.

Notification No.10/2023 – Central Tax dated May 10, 2023

Standard Operating Procedure for Scrutiny of Returns for FY 2019-20 onwards

Central Board of Indirect Taxes and Customs (CBIC) has issued Instructions regarding the standard operating procedure (SOP) for the scrutiny of Goods and Services Tax (GST) returns for the financial year 2019-20 onwards.

The instruction informs that the Directorate General of Systems (DG Systems) has developed an online workflow functionality called “Scrutiny of Returns” in the CBIC ACES-GST application. This new functionality allows the proper officer to communicate any discrepancies found in the returns to the registered person using FORM GST ASMT-10. The registered person can respond by submitting a reply using FORM GST ASMT-11. Based on reply, the proper officer can issue an order in FORM GST ASMT-12 or take further action such as issuing a show cause notice under Section 73 or 74 of the CGST Act, 2017, or referring the matter for audit or investigation, as needed. A detailed timeline has been prescribed for this scrutiny process.

The CBIC has issued SOP to provide detailed procedure for following:

- Selection of returns for scrutiny and communication of the same to the field formations
- Scrutiny Schedule
- Process of scrutiny by the Proper Officer
- Timelines for scrutiny of returns
- Reporting and Monitoring

Instruction No. 02/2023-GST dated May 26, 2023

Levy of charges on forex prepaid cards/store value cards/travel cards, etc.

Reserve Bank of India had notified debit cards, ATM cards or any other instrument that can be used to create a financial liability, as 'currency'. It was further clarified that the restrictions contained in Rule 5 of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 are not applicable for use of International Credit Cards (ICCs) by residents for making payment towards expenses while on a visit outside India, to the extent of the limit of the card.

A few Authorized Persons are levying certain fees/charges, which are payable in India on such instruments, in foreign currency. It is advised that fees/charges payable in India have to be denominated and settled in Rupees only.

RBI/2023-24/29 A.P. (DIR Series) Circular No.04
dated May 9, 2023

Consideration received by a UAE entity for provision of Plant design and drawing to India is not taxable in India in absence of the FTS Clause under the India-UAE Tax Treaty

Taxability of Royalty and Fees for Technical Services (FTS) has always been a controversial issue considering various types of services provided in this globalized era. The issue becomes difficult and complex when a particular income (FTS) clause is absent in some of the Indian tax treaties. Based on the facts and in the circumstances of the case, recently, the Ahmedabad Bench of the Income-tax Appellate Tribunal (the Tribunal) in the case of Kalpataru Power Transmission Ltd (KPTL) dealt with the issue of deduction at tax source on the payment made by an Indian company to the UAE entity for the hydropower plant design, drawings and related services.

The Tribunal held that the payment for such services were in the nature of FTS but not royalty. Further in the absence of FTS clause in the India-UAE tax treaty, such payments are taxable as business income. The UAE entity did not have a Permanent Establishment (PE) in India and thus income was not taxable as a business income. Accordingly, the Indian company was not required to deduct tax at source on the payments made to the UAE entity.

DCIT v. Kalpataru Power Transmission Ltd. (ITA No. 35/Ahd/2021) – Taxsutra.com

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 10th May, 2023 to amend the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016. The Amendment states that the Company shall file all the overdue financial statements and annual returns with the concerned Registrar of Companies (ROC) before making application relating to removal of the name of the Company from the Register of Companies under Section 248 of the Companies Act, 2013. Further, the Company will not be able to file the application once the notice is issued by the Registrar pursuant to the action initiated under Section 248 of the Companies Act, 2013.

<https://www.mca.gov.in/bin/dms/getdocument?mds=NayTkLw9l%252BWYjFrBKAUtDQ%253D%253D&type=open>

Amendment to The Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

The Ministry of Corporate Affairs (MCA) has issued a notification on 15th May, 2023 which will be effective from 15th June, 2023 to amend the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016. The amendment modifies Rule 25(5) & 25(6) of the said Rules and the amended sub-rules introduces provisions regarding objections, suggestions and confirmation of orders related to scheme of merger or amalgamation under Section 233 of the Companies Act, 2013. The Rules were amended in order to streamline approvals for scheme of merger or amalgamation by way of deemed approvals from the Central Government.

<https://www.mca.gov.in/bin/dms/getdocument?mds=1Wyd8lIdgiIFPq8Dx6A3QA%253D%253D&type=open>

Amendment to The Companies (Accounts) Rules, 2014

The Ministry of Corporate Affairs (MCA) has issued a notification on 31st May, 2023 to amend the

Companies (Accounts) Rules, 2014. The original Rules stated that every Company, covered under the provisions of Section 135(1) of the Companies Act, 2013, is required to furnish a report on Corporate Social Responsibility (CSR) in Form CSR-2 to the Registrar of Companies for the preceding financial years (i.e. FY 2020-21 & 2021-22) and thereafter for subsequent financial years, the report were to be submitted as an addendum to Form AOC-4 or AOC-4 XBRL, or AOC-4 NBFC (Ind AS), as the case may be.

Through this amendment, the Ministry has further allowed the Companies to file the report on Corporate Social Responsibility (CSR) for financial year 2022-2023 in Form CSR-2 separately on or before 31st March, 2024 after filing Form AOC-4 or AOC-4 XBRL, or AOC-4 NBFC (Ind AS), as the case may be.

<https://www.mca.gov.in/bin/dms/getdocument?mds=b3Vzll%252BE2cQrr28306Z23g%253D%253D&type=open>

Compliance Calendar

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Due dates for the Month of Jul, 2023#

Regulation	Due Date	Compliance	Description
Income Tax Act, 1961	7-Jul-23	TDS	Due date for deposit of Tax deducted/collected for the month of June, 2023.
	15-Jul-23	TDS	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194-M in the month of May, 2023
	15-Jul-23	TCS	Quarterly statement of TCS deposited for the quarter ending 30 June, 2023
	15-Jul-23	TDS	Upload the declarations received from recipients in Form No. 15G/15H during the quarter ending June, 2023
	30-Jul-23	TCS	Quarterly TCS certificate in respect of tax collected by any person for the quarter ending June 30, 2023
	30-Jul-23	TDS	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 June, 2023
	31-Jul-23	TDS	Quarterly statement of TDS deposited for the quarter ending June 30, 2023
	31-Jul-23	ITR	Return of income for the assessment year 2023-24 for all assessee other than (a) corporate-assessee or (b) non-corporate assessee (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies or (d) an
Goods and Service Tax (GST)	10-Jul-23	GSTR 7	Summary of Tax Deducted at Source (TDS) and deposited for the month of June 2023
	10-Jul-23	GSTR 8	Summary of Tax Collected at Source (TCS) and deposited by E-Commerce Operator for the month of June 2023
	11-Jul-23	GSTR -1	Return of outward supplies of taxable goods and/or services for the Month of June 2023 (for Assesses having turnover exceeding 1.5 Cr.)
	13-Jul-23	GSTR -1	Return of outward supplies of taxable goods and/or services for the Quarter April to June 2023 under QRMP Scheme
	13-Jul-23	GSTR 6	Return for Input Service Distributors for the month of June 2023
	20-Jul-23	GSTR-3B (Monthly)	Simple GSTR return for the month of June 2023 for assessee having monthly periodicity
PT Act 1975 (Employee)	31-Jul-23	PT Employees	Monthly PT Payment for the month of Jun, 2023
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	15-Jul-23	PF Payment	PF Payment for the month of June, 2023
Employees' State Insurance Act, 1948 - (ESIC)	15-Jul-23	ESIC Payment	ESIC Payment for the month of June, 2023
Maharashtra Labour welfare Fund	15-Jul-23	MLWF	Half yearly payment of MLFW contribution for the period from Jan-Jun, 2023
Foreign Exchange Management Act, 1999	15-Jul-23	FLA	Annual return on Foreign Liabilities and Assets (FLA) to be submitted by all the companies which have received FDI and/or made overseas investment.

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.

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