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KNOWL with an EDGE

What's Inside

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A New Record for CBDT - Over 8.18 crore Income Tax returns filed for AY 2023-2024

CBDT released Press Note dated 01.01.2024 appreciating taxpayers and tax professionals for making compliances in time, leading to a surge in filing of Income-tax Returns (ITRs), resulting in a new record of 8.18 crore ITRs for the A.Y. 2023-2024 filed upto 31.12.2023 as against 7.51 crore ITRs filed upto 31.12.2022. This is 9% more than the total ITRs filed for A.Y. 2022-23. The total number of audit reports and other forms filed during the period is 1.60 crore, as against 1.43 crore audit reports and forms filed in the corresponding period of preceding year.

The Department expresses gratitude to all taxpayers and tax professionals for the support in compliances in filing of ITRs and Forms. Taxpayers are also requested to verify their unverified ITRs if any, within 30 days of filing the ITR to avoid any consequences.

https://incometaxindia.gov.in/Lists/Press%20Releases/Attachments/1173/PressRelease-A-New-Record-for-CBDT-Over-8-18-crore-ITRs-filed-for-AY2023-2024-1-1-24.pdf

Got an income tax notice for an old incorrect tax demand? Call this new helpline of tax department for free help

Section 245 of the Income-tax Act, 1961 empowers the income tax department to adjust past years' income tax outstanding dues with the present year's income tax refund. The problem occurs when the Income-tax department sends a section 245 notice for a very old income tax return (ITR) as very few individuals would remember such old data. To help mitigate this issue and solve the pending section 245 income tax notice cases faster, the Income-tax department has launched the Demand Facilitation Centre (DFC) in a few states to help individuals in certain conditions for free.

If a taxpayer had been served with a section 245 income tax demand notice, then he/she might get a call from the DFC from +91 8216671200. An email from the ID- taxdemand@cpc.incometax.gov.in might also be sent. If the call and email is yet to be received, then the individual can, on his/her own, approach the DFC by calling their toll-free number on 1800 309 0130. An individual does not need to share their ITR e-filing login credentials or any banking password or OTP, and other sensitive information to get assistance from DFC.

Official sources said the Centre's gross direct tax collections (after refunds but before devolution to states) could exceed the budget estimate by over Rs 1 trillion in 2023-24.

https://economictimes.indiatimes.com

CBDT issues guidelines related to section 194-O of the Income Act

Section 194-O of the Income-tax Act, 1961 ('the Act') provides that an e-commerce operator shall deduct TDS @ 1% of the gross amount of sale of goods or provision of service, or both, facilitated through its digital or electronic facility or platform.

CBDT has issued the guidelines vide circular no. 20/2023 dated 28.12.2023 for removal of difficulties and clarity has been provided on various issues pertaining to applicability of section 194-O of the Act in a multiple e-commerce operator model framework, such as the Open Network for Digital Commerce (ONDC).

The Circular details several types of situations with examples & provides clarity on multiple issues.

https://incometaxindia.gov.in/communications/circular/ciruclar-20-2023.pdf

Updated e-Way Bill Regulations: e-Invoice Compulsory for B2B & B2E Transactions Starting March 1, 2024

The NIC issued a notice on January 5th, 2024, announcing new e-way bill regulations. Starting March 1st, 2024, businesses failing to include essential e-invoice details, such as the Invoice Registration Number (IRN), will encounter their e-way bill generation being blocked. Dive into the details to understand how this advisory impacts various businesses.

Businesses Subject to E-way Bill Blocking Specific businesses must ensure their e-way bills contain e-invoice specifics. This requirement applies to businesses that:

- Have an aggregate annual turnover surpassing Rs. 5 crore in a financial year and are subject to e-invoicing.
- Engage in transactions involving goods and conduct Business-to-Business (B2B) or Business-to-Exports (Exports) operations.

It's crucial to note that these rules don't extend to Business-to-Customers (B2C) transactions or non-GST or exempt supplies. Similarly, businesses outside the e-invoicing realm can continue direct e-way bill generation.

Implementation Date of the E-way Bill Advisory the advisory issued by GSTN regarding the blockage of e-way bill generation for non-inclusion of e-invoice details will be effective from March 1st, 2024. This implies that businesses using e-invoicing must generate e-way bills simultaneously with e-invoices for all their B2B and export transactions, starting from March 1st, 2024. To prevent discrepancies, such businesses should refrain from generating e-way bills separately from e-invoices.

Revised HSN Code Requirements for E-Way Bills Starting Feb 1, 2024: 6 Digits for AATO > Rs. 5 Crores, 4 Digits for AATO < Rs. 5 Crores

The E-Way Bill System issued an Advisory on January 05, 2024, outlining New HSN Code Requirements set to take effect from February 01, 2024. For businesses with an Annual Aggregate Turnover (AATO) greater Rs. 5 Crores, a minimum of 6 digits for the HSN code is mandatory. Meanwhile, those with an AATO below Rs. 5 Crores are required to input at least 4 digits for the HSN code.

As per Notification No. 78/2020 –Central Tax, dated October 15, 2020, businesses engaging in B2B and Export transactions need to furnish a minimum 6-digit HSN code if their Annual Aggregate Turnover exceeds Rs. 5 Crores. For businesses falling under the Rs. 5 Crores AATO bracket, a minimum 4-digit HSN code suffices.

This validation will come into effect in the e-way bill System starting February 01, 2024. Hence, taxpayers are strongly advised to adjust their systems accordingly, ensuring the entry of 4 / 6 digit HSN codes when generating e-way bills through web and API systems from February 01, 2024.

Great news: Taxpayers now have the option to process GST payments via Credit Cards or Debit Cards directly on the GST Portal

The recent update from the GST Portal introduces the option for GST payments using Credit Cards and Debit Cards. Taxpayers can access this feature by opting for the E-payment method, where a dedicated section facilitates Credit/Debit Card payments. It's crucial for taxpayers to thoroughly examine the transaction charges associated with each payment mode, especially when opting for Credit Cards, Debit Cards, or Bhim UPI sub-payment modes.

To proceed with Credit/Debit Card payments, users should follow these steps:

1. Select the E-payment option.
2. Within the E-payment section, opt for the Credit/Debit Card option.
3. Choose the preferred bank for the transaction.
4. Agree to the terms and conditions by checking the respective box.
5. Click on the “Make Payment” button to finalize the transaction.

Specific charges apply to payments made through credit cards, debit cards, and UPI.

This facility commenced in 10 States/UTs starting from January 5th, 2024:
Assam – Delhi - Goa – Gujarat - Haryana - Himachal

Pradesh - Kerala - Madhya Pradesh - Maharashtra – Odisha

The service is presently available for all Credit/Debit cards powered by Rupay, MasterCard, Visa, and Diners through Kotak Mahindra Bank, with plans for expansion to the rest of India and other banks soon.
Top of Form

Introduction of New Tables (Table 14 and Table 15) in GSTR-1 on the GST Portal

Commencing from January 2024, the GSTN has incorporated two additional tables within the GSTR-1.

Table 14 – Supplies Made Through E-Commerce Operators: Here, you can input details regarding taxable outward supplies facilitated through e-commerce operators.

Table 15 – Supplies under Section 9(5) of the CGST Act: This table is designated for recording details concerning taxable outward supplies wherein the e-commerce operator is liable to pay tax according to Section 9(5) of the CGST Act.

Previously, GSTR-3B's Table 3.1.1 was dedicated to documenting supplies specified under Section 9(5) of the CGST Act, 2017. This table necessitated separate reporting by both suppliers and e-commerce operators (ECOs) concerning supplies where the e-commerce operator bears tax liability.

Formerly, GSTR-1 lacked specific tables for segregating and reporting these transactions, which led to the non-auto-filling of Table 3.1.1 in GSTR-3B due to the absence of corresponding reporting sections.

Starting January 2024, the introduction of Tables 14 and 15 in GSTR-1 caters precisely to the reporting of supplies on which e-commerce operators bear tax responsibilities. This modification ensures the accurate auto-population of Table 3.1.1 in GSTR-3B for both suppliers and e-commerce operators.

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Income derived from the offshore supply of equipment and services is not subject to taxation in India, as per both the Income-tax Act and the tax treaty between India and Germany

The taxation of offshore supplies and services has been a contentious and extensively discussed matter in the legal arena. Various courts and tribunals have addressed the tax implications associated with both offshore and onshore supplies and services, including aspects like designs and drawings.

Based on the facts and circumstances of the case, recently, the Delhi Bench of the Income-tax Appellate Tribunal ruled in favour of DSD Noell GMBH (the taxpayer), affirming that income generated from the offshore supply of equipment is not taxable in India. The Tribunal based its decision on the fact that the plant and equipment provided to the Indian company were designed and manufactured outside India, with the title passing abroad on a Free On Board (FOB) basis. Additionally, the consideration for these offshore supplies was received in foreign currency outside India, and all associated activities such as manufacturing, fabrication, and design occurred outside the Indian borders.

Furthermore, the Tribunal emphasized that income from offshore services was also not subject to taxation in India. The drawings and designs supplied were inherently connected to the plant and equipment delivered by the taxpayer, constituting an integral part of the overall supply. The primary objective of the contract was to deliver a plant manufactured in accordance with the provided designs. Consequently, the Tribunal concluded that the nature of offshore services was synonymous with the supply of equipment, and the income from these offshore services did not accrue or arise within India.

DSD Noell GMBH v/s. DCIT (ITA No. 3186/Dec/2016) – Taxsutra.com

The Indian Subsidiary of a Korean Firm is Not Liable as an 'Assessee-in-Default' for Failure to Deduct Source Tax on Notionally Attributed Income to the Korean Company

Based on the facts and circumstances of the case, the Delhi Bench of the Income-tax Appellate Tribunal recently ruled in the case of LG Electronics India Ltd (LG India) that the Indian subsidiary of a Korean company should not be categorized as an 'assessee-in-default' due to the non-deduction of tax at source on income attributed to a notional payment to the Korean company.

The Tribunal noted that the Assessing Officer's determination of profit related to transactions between LG India and its Korean holding company (LG Korea) was based on a notional basis rather than actual payments. The Dispute Resolution Panel proposed a notional income for attribution, suggesting a 20% mark-up on the 50% salary cost of expatriate employees. However, LG India did not make any direct payment to LG Korea for the salary cost of expatriate employees. LG India had already deducted tax at source under Section 192 of the Income-tax Act, 1961, from the salary cost paid to expatriate employees. Consequently, it was deemed unreasonable to expect LG India to compute Tax Deducted at Source (TDS) on a notional payment. Given that LG India had no obligation to withhold tax under Section 195, it should not be treated as an 'assessee-in-default' under Section 201(1)/201(1A).

LG Electronics India Ltd. v. ITO (ITA No. 7929/Del/2018) – Taxsutra.com

Charges collected by the US company for providing domain name registration services are not taxable as royalty.

The taxability of fees received by a US company for offering domain name registration services has been a matter of contention. The tax department aims to categorize these fees as royalty, asserting ownership rights in domain names. However, taxpayers argue that they function solely as intermediaries in the registration process and do not possess ownership rights.

In a recent verdict concerning Godaddy.com LLC, the Delhi High Court ruled that the fees obtained by the US company for its domain name registration services should not be considered taxable as royalty. The court emphasized that the company acted as a registrar without having proprietorship rights in the domain name. Consequently, it lacked the authority to grant or transfer usage rights to another individual or entity.

Godaddy.com LLC v. ACIT (ITA No. 891/Del/2018) – Taxsutra.com

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Due dates for the Month of Jan, 2024#

Regulation	Due Date	Compliance	Description
Income Tax Act, 1961	7-Feb-24	TDS/TCS	Due date for deposit of Tax deducted/collected for the month of January, 2024.
	14-Feb-24	TDS/TCS	Due date for issue of TDS Certificate for tax deducted under 194-IA/194IB/194IM in the month of December, 2023
	15-Feb-24	TDS/TCS	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending December 31, 2023
Goods and Service Tax (GST)	10-Feb-24	GSTR 7	Summary of Tax Deducted at Source (TDS) and deposited for the month of January, 2024
	10-Feb-24	GSTR 8	Summary of Tax Collected at Source (TCS) and deposited by E-Commerce Operator for the month of January, 2024
	11-Feb-24	GSTR -1	Return of outward supplies of taxable goods and/or services for the Month of January, 2024 (for Assesses having turnover exceeding 1.5 Cr.)
	13-Feb-24	GSTR 6	Return for Input Service Distributors for the month of January, 2024
	13-Feb-24	IFF-QRMP	Option of uploading Invoices for January 2024 using Invoice Furnishing Facility (IFF) applicable to tax payers opted for Quarterly Return Monthly Payment (QRMP) Scheme
	20-Feb-24 or 22-Feb-24 or 24-Feb-24	GSTR-3B	Simple GSTR return for the Month of January, 2024 (based on category of taxpayer)
PT Act 1975 (Employee)	15-Feb-24	PT Employees	PT Payment for the month of January, 2024
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	15-Feb-24	PF Payment	PF Payment for the month of January, 2024
Employees' State Insurance Act, 1948 - (ESIC)	15-Feb-24	ESIC Payment	ESIC Payment for the month of January, 2024

'# The above due date calender contains compliances generally applicable to taxpayers and this calender 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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