

HVJ & Associates

CHARTERED ACCOUNTANTS



HVJ COMMUNIQUE

128th Edition – June 2024

“CONSERVE TO PRESERVE”
Happy World Environment Day



No. 202, 1st Floor, JJ Residency, No.372/90, 18th Cross,
M.C. Layout, Vijayanagar, Bangalore – 560040



7353444111 / 9900581819



info1@hvj.co.in



www.hvj.co.in



Dear Professional Colleagues,

“Our Greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time.”

-Thomas Edison

As we HVJ continue to uphold our standards of excellence and client-centric service, we encourage you to reach out with any questions, feedback, or topics you would like to see covered in future editions. Your engagement and satisfaction are paramount to us, and we look forward to serving you with dedication and expertise.

We are delighted to bring you our 128th edition of HVJ Communique which briefs about various amendments/circulars/clarifications in Goods and Service Tax, Income Tax, RBI and Companies Act 2013. We are always on our forefront to apprise our clients, associates as well as those seeking knowledge with recent updates on various laws and regulations. We have consolidated various regulatory announcements and amendments by respective regulators, along with our analysis, for the month of June 2024.

Happy reading!!

Help us improve!

We hope you find this Journal informative and of continued interest. We welcome your feedback at info1@hvj.co.in

With warm regards,



CA Sudheer Javali

Partner





B. Com, FCA, DISA

THE COMPENDIUM



- **FLUCTUATIONS SUMMARY**
 - **COMPLIANCE CALENDAR – JUNE 24**
 - **STATUTORY UPDATES**
 1. **Goods and Services Tax Act, 2017**
 2. **Income Tax Act, 1961**
 3. **RBI / FEMA**
 4. **Companies Act, 2013**
 - **KNOWLEDGE CAPSULE**
-

FLUCTUATIONS SUMMARY

Foreign Exchange Fluctuation

Currency	As on 30th April 2024	As on 31st May 2024	Fluctuation
US	83.43	83.46	
GBP	104.31	106.09	
EURO	89.332	90.61	
JPY	0.5292	0.5305	

Stock Market Fluctuation

Stock Exchange	As on 30th April 2024	As on 31st May 2024	Fluctuation
Sensex	74,482.78	73,961.31	
Nifty	22,604.85	22,530.70	

COMPLIANCE CALENDAR –JUNE 2024

Sl. No.	Particulars	Due Date
Compliance Calendar for GST		
1	GSTR 7 is a return to be filed by the persons who is required to deduct TDS	10-06-2024
2	GSTR 8 is a return to be filed by the persons who is required to deduct TCS	10-06-2024
3	GSTR-1 (Monthly) for May 2024	11-06-2024
4	GSTR-6 (Monthly) for May 2024 (ISD)	13-06-2024
5	GSTR -5 for May 2024 (Non-Resident Taxable person)	20-06-2024
6	GSTR - 5A for May 2024 (OIDAR Service provider)	20-06-2024
7	GSTR-3B (Monthly) for May 2024	20-06-2024
Compliance Calendar for ESI, PF & PT Payments		
1	PF Payment for the month of May 2024	15-06-2024
2	ESI Payment for the month of May 2024	15-06-2024
3	Professional Tax Due Date May 2024	20-06-2024
Compliance Calendar for Income Tax Act, 1961		
1	Payment of TDS/TCS deducted /collected in May 2024	07-06-2024
2	Payment of Equalisation Levy	07-06-2024
3	Advance tax of Q1 of AY 25-26	15-06-2024
4	Tax Certificate Non-Salary	15-06-2024
5	Tax Certificate Salary	15-06-2024
6	Equalisation Levy Statement	30-06-2024
7	Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M in the month of May, 2024	30-06-2024
Compliance Calendar for Companies Act, 2013		
1	DPT-3- Form DPT-3 (Return of Deposits)	30-06-2024
Foreign Trade (Development and Regulation) Act, 1992		
1	IEC Code renewal	30-06-2024

Goods and Services Tax Act, 2017

1. Information from manufacturers of Pan Masala and Tobacco taxpayers

<https://www.gst.gov.in/newsandupdates/read/630>

Government had issued a notification to seek information from taxpayers dealing in the goods mentioned therein vide Notification No. 04/2024 – Central Tax dated 05-01-2024.

Two forms have been notified vide this notification namely GST SRM-I and GST SRM-II. The former pertains to registration and disposal of machines while the later asks information on inputs and outputs during a month.

To begin with, facility to register the machines have been made available on the GST Portal to file the information in Form GST SRM-I. All taxpayers dealing in the items mentioned in the said notification may use the facility to file the information about machines. Form GST SRM-II will also be made available on the portal shortly.

2. Advisory on launch of E-Way Bill 2 Portal

GSTN is pleased to inform that NIC is releasing the E-Way Bill 2 Portal (<https://ewaybill2.gst.gov.in>) on 1st June 2024. This portal ensures high availability and runs in parallel to the e-way Bill main portal (<https://ewaybillgst.gov.in>).

- Presently, E-Way Bill 2 Portal provides the critical services of E-Way Bill system, and gradually it will be extended with other services of e-way bill system.
- E-Way Bills can be generated and updated on the E-Way Bill 2 Portal independently.
- E-Way Bill 2 portal provides the web and API modes of operations for e-way bill services.
- The taxpayers and logistic operators can use the E-Way Bill 2 portal with the login credentials of the main portal.
- The taxpayers and logistic operators can use the E-Way Bill 2 portal during technical glitches in e-way bill main portal or any other exigencies.
- The Criss-Cross operations of printing and updating of Part-B of E-Way Bills can be carried out on these portals. That is, updating of Part-B of the E-Way bills of portal 1 can be done at portal 2 and vice versa.
- In case E-Way Bill main portal is non-operational because of technical reasons, the Part-B can be updated to the E-Way Bills, generated at Portal 1, at portal 2 and carry both the E-way Bill slips.
- For further details, please visit the e-way bill portals.

3. HC relief for holding companies facing GST notices over corporate guarantees

In a relief for India Inc, the Punjab & Haryana high court has stayed a circular that subjected corporate guarantees, given by holding companies for the benefit of their subsidiaries, to GST.

In an interim order, the HC has stayed the circular issued last Oct by the Central Board of Indirect Taxes and Customs (CBIC). This circular had held that a corporate guarantee given by a holding company to a bank or financial institution for sanction of credit facilities to its subsidiary would be a 'supply of service' subject to GST.

4. Govt mulls relief on retrospective GST on e-gaming

The government is considering granting relief to the online gaming industry by exempting them from paying the Goods and Services Tax (GST) at the rate of 28% on the full-face value of bets for the pre-October 1, 2023 period, official sources privy to matter told FE, on condition of anonymity.

This would mean that the highly contentious "retrospective levy" of the tax would be annulled, irrespective of the outcome of the Supreme Court case in this regard.

5. GST officers working on registration mechanism for 'shared warehouse' for e-commerce suppliers

GST authorities are working out a mechanism to deal with the taxation and registration issues related to shared warehouses maintained by e-commerce companies, where multiple suppliers store their goods for the last mile delivery, an official said. The issue of taxation for warehouses has cropped up after multiple suppliers have geo-tagged the same warehouse as their 'additional place of business' under the Goods and Services Tax (GST) rules.

"We are working to see whether a 'shared workplace' or 'coworking space' concept can be implemented for the warehouses maintained by e-commerce companies to store goods of multiple suppliers," the official told PTI.

Case Law:

GST on interest on late payment of invoices of imported goods

Crux of the case:

Applicability of GST on interest on late payment of invoices of imported goods

Authority	Legal Name of Applicant	Details of Application
Gujarat Authority for Advance Ruling	M/s. Enpay Transformers Components India Private Limited	Advance Ruling/SGST&CGST/2018/AR/34) Dated 20.01.2021

Facts of the case:

- The company is importing goods from its holding company in Turkey for a 120 days' credit period.

- If the payment is not made within 120 days from the date of the invoice, the company is required to pay interest in respect of the late payment to its holding company.
- The applicant wants clarification regarding the applicability of GST on such interest paid and if yes, whether the tax should be paid by the Indian company under the reverse charge mechanism?

Discussion and finding:

- As per entry 5(e) of Schedule II of the CGST Act, 2017, “agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act” shall be considered as supply of services.
- In the given case, it can be said that foreign supplier has tolerated the act of receiving payment beyond the agreed credit period of 120 days.
- As per section 15(2)(d) of the CGST Act, 2017, value of supply also includes “interest, late fee or penalty for delayed payment of any consideration for any supply”
- Therefore, the interest paid for delayed payment will be considered as supply as per entry 5(e) of schedule II and it is also liable to GST as per section 15(2)(d).
- Further, the rate of GST payable on the interest will be the same as that of the IGST applicable on the imported goods pertaining to that invoice since the same forms part of the value of supply as per section 15(2)(d).

Order:

- Whether the liability to pay GST on reverse charge arises if any amount is paid as interest on late payment of invoices of imported goods? If yes, then at what rate?
 - ✓ The applicant is liable to pay GST on reverse charge mechanism for the amount paid as interest on late payment of invoices of imported goods. The rate of GST will be the same as the rate of IGST leviable on the imported goods.

Key Take away from the above decision:

- Interest on delayed payment will attract GST at the same rate as that of the imported goods.
- Even though the order did not discuss why the importer is required to pay the GST on RCM basis, we have to assume that such transactions will be considered as import of service and thus GST shall be payable by the importer on reverse charge basis. There are multiple case laws which state that the interest on late payment is not liable to any GST. Proper clarification from CBIC is needed in this regard.

Income Tax Act, 1961

1. Cost inflation index for A.Y 2025-26 has been notified

<https://incometaxindia.gov.in/communications/notification/notification-44-2024.pdf>

The income tax department has notified the cost inflation index (CII) for FY25, relevant to assessment year 2025-26, at 363, which is higher than 348 for FY24, and 331 for FY23. The CII is a tool used to measure inflation for computing long-term capital gains on the sale of assets, including immovable property, securities and jewelry.

The CII adjusts the purchase price of assets to reflect current inflation, ensuring that taxpayers are taxed on real gains rather than nominal gains inflated by general price increases. This adjustment is essential for maintaining a fair and reflective tax system. Without it, taxpayers could face disproportionate tax liabilities on gains that are primarily due to inflation rate rather than actual economic growth, experts say.

When selling assets such as immovable property, securities, or jewelry, the profit or gain from these assets tends to be high due to their increased sale price compared to the purchase price. As a result, assesseees have to pay higher income tax on these gains. "Taxpayers can use this (CII) to calculate gains for the long-term capital assets sold during FY25 and reduce the tax liability accordingly," said Sandeep Sehgal, partner-tax, AKM Global.

2. **CBDT exempt RBI from Higher TDS deduction under Section 206AB of Income Tax Act, 1961**

The Central Board of Direct Taxes (CBDT) has issued a notification exempting the Reserve Bank of India (RBI) from the higher Tax Deducted at Source (TDS) rates stipulated under Section 206AB of the Income Tax Act, 1961. This exemption is outlined in Notification No. 45/2024, dated May 27, 2024.

3. **CBDT exempts RBI from Section 206CCA provisions (TCS Collection at higher rate)**

In a significant development, the Central Board of Direct Taxes (CBDT) has issued Notification No. 46/2024-Income Tax Dated: 27th May, 2024 exempting the Reserve Bank of India (RBI) from the provisions of Section 206CCA of the Income Tax Act, 1961.

RBI / FEMA

1. **RBI launches PRAVAAH portal for streamlined regulatory approvals and clearances**

RBI has introduced 3 major initiatives, namely the PRAVAAH portal, the Retail Direct Mobile App & a FinTech Repository.

The PRAVAAH portal will make it convenient for any individual or entity to apply online for various regulatory approvals. This portal will also enhance the efficiency of various processes related to granting of regulatory approvals and clearances. At present, 60 application forms covering different regulatory & supervisory departments have been made available on the portal.

The Retail Direct Scheme, introduced in 2021, allows individual investors to directly invest in government securities issued by the central and state governments. This scheme eliminates the need for intermediaries, making the investment process more transparent and accessible.

The G-sec app increases the accessibility of G-sec investments for retail investors. By streamlining the investment process, it enables more individuals to participate in the G-sec market. The app's launch is anticipated to attract more investors, particularly those seeking low-risk investment options.

The central bank has also launched the FinTech Repository to capture essential information about fintech entities, their activities, technology uses, etc.

COMPANIES ACT, 2013

- 1. Crucial update regarding our PAN consumption service. In accordance with recent CCA guidelines, we are required to upgrade from version 2 to version 3, effective from today (30-APR-2024) midnight.**

Key Changes:

A. Changes for Individual DSC Applications:

For individual DSC applications, where PAN is mandatory, the following four entered criteria must exactly match the details on the Income Tax portal:

- PAN
- Name on PAN
- Date of Birth (DOB)
- Aadhaar seeding status (Aadhaar number linked with PAN)

B. Changes for Organization DSC/Quick Organization DSC Applications:

For organization DSC applications (Company, Partnership, LLP, AOP/BOI, Bank, and NGO/Trust), the following three entered criteria must exactly match with the details on the Income Tax portal:

- Organization PAN
- Name on PAN (Organization name)
- Incorporation Date

C. Changes for Organization DSC (Government/PSU) Applications:

Specifically, for Government/PSU DSC applications, the following changes in criteria must match with the details on the Income Tax portal:

- Organization PAN (Optional)
- Name on PAN (Organization Name)
- Incorporation date (Optional, dependent on PAN)

D. Changes for Organization DSC (Proprietorship) Applications:

Specifically, for proprietorship DSC applications, the following changes in criteria must match with the details on the Income Tax portal:

- PAN on PAN (Individual Name)
- Name on PAN (Individual Name)
- Incorporation date / DOB (DOB to be entered)
- Aadhaar seeding status (Aadhaar number linked with PAN)

E. Special Cases - PAN Optional:

In cases of Foreign Individual/Foreign Organization/ and all PAN optional cases:

- **If PAN is entered in the optional field:** The same validations as mentioned in #1 (for Individuals) and #2 (For Organizations) apply, and details must exactly match those on the Income Tax portal.
- **If PAN is not entered in the optional field:** No PAN-related validation will occur.

These changes are significant and are aimed at ensuring compliance with the latest regulatory requirements.

2. Relaxation of Additional Fees: LLP BEN-2 & LLP Form 4D Deadline Extended

The Ministry of Corporate Affairs in India has issued General Circular No.-03/2024, offering significant relief to Limited Liability Partnerships (LLPs) regarding the filing of Form No. LLP BEN-2 and LLP Form No. 4D. This circular aims to facilitate compliance and transition to MCA-21 version-3 while ensuring the ease of reporting for LLPs.

LLPs now have until 01.07.2024 to submit the aforementioned forms without incurring any further additional fees. This extension provides a reasonable timeframe for LLPs to ensure compliance with the regulatory requirements, fostering a smoother transition and operational continuity.

KNOWLEDGE CAPSULE

GST PAYMENTS AND REFUNDS

A. Payments

What are payments to be made under GST?

Under GST the tax to be paid is mainly divided into 3 -

- IGST - To be paid when interstate supply is made (paid to center)
- CGST - To be paid when making supply within the state (paid to center)
- SGST - To be paid when making supply within the state (paid to state)

Circumstances	CGST	SGST	IGST
Goods Sold from Delhi to Bombay	No	No	Yes
Goods sold within Bombay	Yes	Yes	No
Goods Sold from Bombay to Pune	Yes	Yes	No

Apart from the above payments a dealer is required to make these payments -

- Tax Deducted at Source (TDS) - TDS is a mechanism by which tax is deducted by the dealer before making the payment to the supplier
- For example - A government agency gives a road laying contract to a builder. The contract value is Rs 10 lakh. When the government agency makes payment to the builder TDS @ 1% (which amounts to Rs 10,000) will be deducted and balance amount will be paid.
- Tax Collected at Source (TCS) - TCS is mainly for e-commerce aggregators. It means that any dealer selling through e-commerce will receive payment after deduction of TCS @ 2%.
- This provision is currently relaxed and will not be applicable to notified by the government.
- Reverse Charge - The liability of payment of tax shifts from the supplier of goods and services to the receiver. To know more about reverse charge, check out our article [‘Know all about Reverse Charge under GST’](#)
- Interest, Penalty, Fees and other payments

How to calculate the GST payment to be made?

Usually, the [Input Tax Credit](#) should be reduced from Outward Tax Liability to calculate the total GST payment to be made.

TDS/TCS will be reduced from the total GST to arrive at the net payable figure. Interest & late fees (if any) will be added to arrive at the final amount.

Also, ITC cannot be claimed on interest and late fees. Both Interest and late fees are required to be paid in cash. The way the calculation is to be done is different for different types of dealers -

Regular Dealer A regular dealer is liable to pay GST on the outward supplies made and can also claim Input Tax Credit (ITC) on the purchases made by him. The GST payable by a regular dealer is the difference between the outward tax liability and the ITC.

Composition Dealer the GST payment for a composition dealer is comparatively simpler. A dealer who has opted for composition scheme has to pay a fixed percentage of GST on the total outward supplies made. GST is to be paid based on the type of business of a composition dealer.

Who should make the payment?

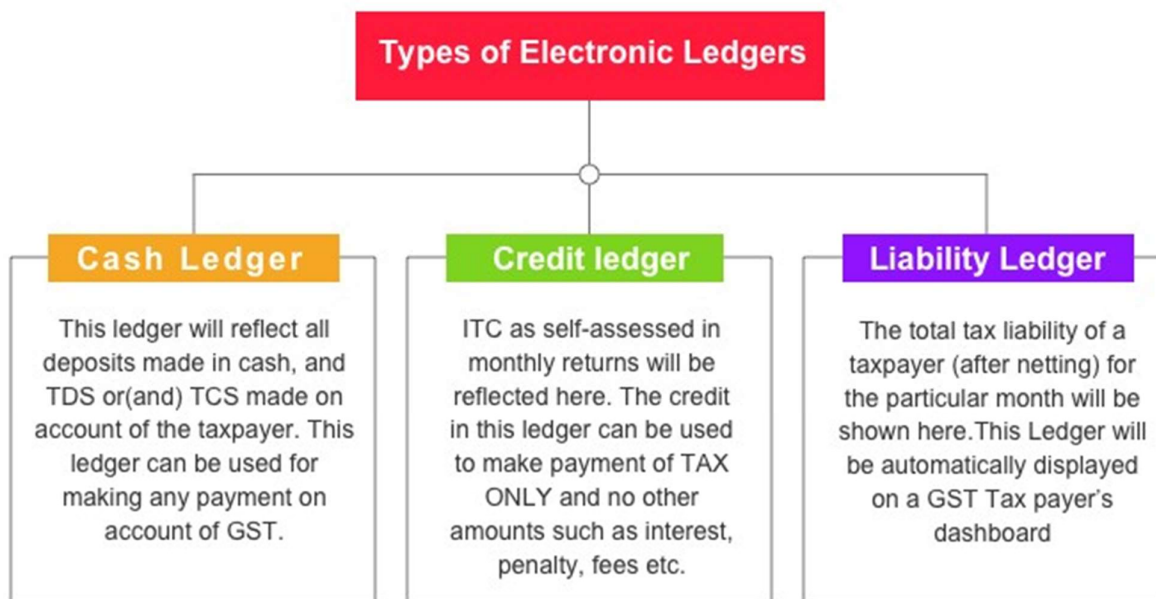
These dealers are required to make GST payment -

- A Registered dealer is required to make GST payment if GST liability exists.
- Registered dealer required to pay tax under Reverse Charge Mechanism(RCM).
- E-commerce operator is required to collect and pay TCS
- Dealers required deducting TDS

When should GST payment be made?

GST payment is to be made when the GSTR 3 is filed i.e. by 20th of the next month.

What are the electronic ledgers?



These ledgers are maintained on the electronically on GST Portal.

How to make GST payment?

GST payment can be made in 2 ways

- Payment through Credit Ledger

The credit of ITC can be taken by dealers for GST payment. The credit can be taken only for payment of Tax. Interest, penalty and late fees cannot be paid by utilizing ITC.

- Payment through Cash Ledger

GST payment can be made online or offline. The challan has to be generated on GST Portal for both online and offline GST payment. Where tax liability is more than Rs 10,000, it is mandatory to pay taxes Online.

What is the penalty for non-payment or delayed payment?

If GST is short paid, unpaid or paid late interest at a rate of 18% is required to be paid by the dealer. Also, a penalty to be paid. The penalty is higher of Rs. 10,000 or 10% of the tax short paid or unpaid.

B. Refunds

- **What is GST refund?**

Usually when the GST paid is more than the GST liability a situation of claiming GST refund arises. Under GST the process of claiming a refund is standardized to avoid confusion. The process is online and time limits have also been set for the same.

When can the refund be claimed?

There are many cases where refund can be claimed. Here are some of them – Excess payment of tax is made due to mistake or omission.

- Dealer Exports (including deemed export) goods/services under claim of rebate or Refund
- ITC accumulation due to output being tax exempt or nil-rated
- Refund of tax paid on purchases made by Embassies or UN bodies
- Tax Refund for International Tourists
- Finalization of provisional assessment

How to calculate GST refund?

Let's take a simple case of excess tax payment made. Mr. B's GST liability for the month of September is Rs 50000. But due to mistake, Mr. B made a GST payment of Rs 5 lakh. Now Mr. B has made an excess GST payment of Rs 4.5 lakh which can be claimed as a refund by him. The time limit for claiming the refund is 2 years from the date of payment.

What is the time limit for claiming the refund?

The time limit for claiming a refund is 2 years from relevant date. The relevant date is different in every case. Here are the relevant dates for some cases –

Reason for claiming GST Refund	Relevant Date
Excess payment of GST	Date of payment
Export or deemed export of goods or services	Date of despatch/loading/passing the frontier
ITC accumulates as output is tax exempt or nil-rated	Last date of financial year to which the credit belongs
Finalisation of provisional assessment	Date on which tax is adjusted

Also, if refund is paid with delay an interest of 24% p.a. is payable by the government.

Help us improve - We hope you find this Journal informative and of continued interest. We welcome your feedback at info1@hvj.co.in

***DISCLAIMER:** The views expressed are strictly of the author and HVJ and Associates. Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. HVJ and Associates and its team accepts no responsibility for loss or damages arising from any action taken or not taken by anyone using this publication.*

Thanking You,

Team HVJ
