HVJ & Associates
CHARTERED ACCOUNTANTS

# *Happy Ganesh Chaturthi*

***Science is the great antidote to the poison of enthusiasm and superstition***


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## Dear Professional Colleagues,

"The greater the obstacle, the more glory in overcoming it."

"The toughest challenges bring the greatest rewards." If there is no struggle, there will be no progress. Every obstacle we come across in our life gives us an opportunity to improve circumstances and teaches something out of it. We just have to believe in ourselves and should build never give up attitude.

We, at HVJ, see all the challenges as an opportunity to improve ourself and convert them as our strength. We improve ourself at every stage with latest updates and work passionately to provide best quality services to our esteemed client's needs and their business growth, we make consistent effort to give best to our clients as we believe success of our client's is the success of HVJ.

We are delighted to bring you our **119th** 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 September2023

# 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

- **Compliance Calendar – Sep 2023**
- **Fluctuations Summary**
- **Statutory Updates**

  i. Goods and Services Tax Act, 2017

  ii. Income Tax Act, 1961

  iii. RBI / FEMA

  iv. Companies Act, 2013

- **Knowledge Capsule**

# • Compliance Calendar – Sep 2023

| Sr. No | Particulars | Due Date |
|---|---|---|
| **GST Compliance Calendar** | | |
| **1** | GSTR 7 is a return to be filed by the persons who is required to deduct TDS | 10-09-2023 |
| **2** | GSTR-8 is a return to be filed by the e-commerce operators who are required to deduct TCS | 10-09-2023 |
| **3** | GSTR-1 - Taxpayers having an aggregate turnover of more than Rs. 1.50 Crores or opted to file Monthly Return | 11-09-2023 |
| **4** | GSTR-1 GST return for the taxpayers who opted for QRMP scheme | 13-09-2023 |
| **5** | GSTR-6 Input Service Distributors | 13-09-2023 |
| **6** | GSTR-3B (Monthly) for August 2023 | 20-09-2023 |
| **7** | GSTR -5 for August 2023 (Non-Resident Taxable person) | 20-09-2023 |
| **8** | GSTR – 5A for August 2023 (OIDAR Service provider) | 20-09-2023 |
| **Compliance Calendar for PT, PF, ESI, TDS Payments** | | |
| **1** | PF Payment for the month of August 2023 | 15-09-2023 |
| **2** | ESI Payment for the month of August 2023 | 15-09-2023 |
| **3** | Professional Tax Due date for the month of August 2023 | 20-09-2023 |
| **Compliance Calendar for Companies Act** | | |
| **1** | Transfer of unspent CSR amount to the CSR fund | 30-09-2023 |
| **2** | Secretarial Audit | 30-09-2023 |
| **3** | Appointment of CS Audit- MGT-8 | 30-09-2023 |
| **4** | Generation of UDIN by statutory Auditor of a company | 30-09-2023 |
| **5** | Quarter 2- Board Meeting | 30-09-2023 |
| **6** | Annual General Meeting | 30-09-2023 |
| **7** | Filing of Audited Financial Statements (only for One Person Company) | 30-09-2023 |
| **8** | DIR 3 KYC for Directors for FY 2022-23 | 30-09-2023 |
| **Compliance Calendar for Income Tax Act** | | |
| 1 | Payment of TDS/TCS deducted /collected in August 2023. | 07-09-2023 |
| 2 | Advance tax of Quarter II for the AY 2023-24 | 15-09-2023 |
| 3 | Filing Income Tax Returns Audit Reports under Section 44AB. (For the corporate-assessee or non-corporate assessee who is required to submit his/its return of income on October 31, 2023) | 30-09-2023 |
| 4 | Audit Report case of the assessee who has not entered into any international or specified domestic transactions | 30-09-2023 |

# • Fluctuations Summary

## • Foreign Exchange Fluctuation

| Currency | As on 31st Jul 2023 | As on 31st Aug 2023 | Fluctuation |
|---|---|---|---|
| **US** | 82.65 | 82.71 | |
| **GBP** | 105.61 | 104.87 | |
| **EURO** | 90.68 | 89.71 | |
| **JPY** | 0.57 | 0.56 | |

## • Stock Market Fluctuation

| Stock Exchange | As on 31st Jul 2023 | As on 31st Aug 2023 | Fluctuation |
|---|---|---|---|
| **Sensex** | 66,527.67 | 64,831.41 | |
| **Nifty** | 19,753.80 | 19,253.80 | |

# • Statutory Updates

## ▪ Goods and Services Tax Act, 2017

1. *MERA BILL MERA ADHIKAAR SCHEME*

   *https://www.gst.gov.in/newsandupdates/read/599*

   ***The Government of India, in collaboration with State Governments, is introducing the 'Mera Bill Mera Adhikaar' Invoice Incentive Scheme from September 1st, 2023***

i. **Objective of the Scheme**: The primary objective of the 'Mera Bill Mera Adhikaar' scheme is to drive a cultural and behavioural shift among the general public, encouraging them to exercise their right and entitlement to **request invoices for their purchases**.

ii. **Scheme Details:**

   a. Initially launched as a pilot, the scheme will begin in the states of Assam, Gujarat, and Haryana, along with the Union Territories of Puducherry, Dadra Nagar Haveli, and Daman & Diu.
   b. The minimum invoice value for eligibility in the lucky draw is set at Rs. 200.
   c. Invoices can be uploaded via the mobile application 'Mera Bill Mera Adhikaar,' available on both IOS and Android platforms, and on the web portal 'web.merabill.gst.gov.in.'

iii. **Eligibility and Participation:**

   a. The scheme is open to all residents of India, regardless of their respective state or UT.
   b. Individuals can upload a maximum of 25 invoices per month on the app/web portal to enter the lucky draw.
   c. Upon uploading an invoice, an Acknowledgement Reference Number (ARN) will be generated for prize draw purposes.

iv. **Prize Structure:**

   a. Monthly draws will award 800 prizes with a prize money of Rs. 10,000 each, along with 10 prizes of Rs. 10,00,000.
   b. Quarterly (Bumper Draw) will feature 2 prizes with a whopping Rs. 1,00,00,000 each.
   c. Eligibility for monthly draws includes all B2C invoices uploaded by the 5th of the following month. For the bumper prize, a quarterly draw will consider invoices uploaded over the last three months until the 5th of the bumper draw month.

2. ***GST Notification 36/2023-Central Tax dt. 04-August-2023:***

***The notification states unique procedure for E-commerce operators for goods supplied through them by composition taxpayers.***

(i) Interstate supply shall not be allowed by the taxpayer,

(ii) the electronic commerce operator shall collect tax at source under sub-section (1) of section 52 of the Act in respect of supply of goods made through it by the composition taxpayer and pay to the Government and

(iii) E Commerce operator will mandatorily submit details of supply made through them by composition taxpayer in FORM GSTR-8 on the common portal.

This notification shall come into force with effect from the 1st day of October, 2023.

https://taxinformation.cbic.gov.in/view-pdf/1009818/ENG/Notifications

## ▪ Income Tax Act, 1961

1. **CBDT inserted New Rule 6ABBB. Form of statement to be furnished regarding preliminary expenses incurred under section 35D**
   [Notification No. 54/2023/ F. No. 370142/24/2023-TPL]

   https://incometaxindia.gov.in/communications/notification/notification-54-2023.pdf

   The amendment introduces Form No. 3AF for furnishing statements regarding preliminary expenses incurred by taxpayers. This form must be submitted one month prior to the due date for filing the income tax return. It should be furnished electronically either under digital signature or through an electronic verification code. The amendment also replaces Form No. 3AE in the Income-tax Rules, 1962, with new forms to be used for audit reports under section 35D(4)/35E(6) of the Income-tax Act, 1961. These changes are aimed at ensuring proper record-keeping and transparency in the deduction of preliminary expenses.

   They shall come into force with effect from the 1st day of April, 2024

2. **CBDT notifies Ten Year Zero Coupon Bond of REC Ltd. under Section 2(48) of Income tax Act, 1961**

   [Notification No. 56/2023/F. No.164/1/2023-ITA-1]

   **https://incometaxindia.gov.in/communications/notification/notification-56-2023.pdf**

   The Ministry of Finance has issued Notification No. 56/2023 under the Income Tax Act, 1961, specifying the details of a zero coupon bond issued by REC Ltd. The notification designates the Ten Year Zero Coupon Bond of REC Ltd. with specific terms and conditions as a zero coupon bond under clause (48) of section 2 of the Income Tax Act, 1961. The bond has a ten-year one-month life period and is to be issued on or before 31st March 2025. The maturity amount for each bond is 1 lakh rupees, and the total discount is Rs. 2517.85 crores. The issuance will consist of five lakhs bonds. Understanding the details of the zero coupon bond as per Notification No. 56/2023 is essential for investors and stakeholders. The notification clarifies the bond's tax treatment and other relevant aspects for compliance with the Income Tax Act, 1961.

## 3. New Income Tax Rules on Taxation of Life Insurance Policy Receipts with Premiums Exceeding Rs. 5 Lakh

[Notification No. 61/2023/ F.No.370142/28/2023-TPL]

https://incometaxindia.gov.in/communications/notification/notification-61-2023.pdf

The Ministry of Finance has issued Notification No. 61/2023, dated 16th August 2023, pertaining to a new amendment in the Income Tax Rules of 1962. This Sixteenth Amendment focuses on the computation of income chargeable to tax related to the sums received under life insurance policies. These guidelines outline the method for calculating income from life insurance policies when the total annual premium exceeds Rs. 5 lakh.

Analysis: The CBDT has introduced Rule 11UACA under the Income Tax Amendment (Sixteenth Amendment) Rules, 2023, to govern the calculation of income related to the maturity proceeds of life insurance policies issued after 1 April 2023, where the premiums paid are above Rs. 5 lakh. The rules Rule 11UACA differentiate the computation based on whether the sum is received for the first time or during subsequent years under the life insurance policy. The amendment, as described in the notification, details the methodology to compute the income chargeable to tax under clause (xiii) of sub-section (2) of section 56 of the Income-tax Act, 1961. According to the new rules, life insurance policies issued after 1 April 2023 will be eligible for tax exemption on maturity benefits under Section 10(10D) of the Income Tax Act, as long as the total premium paid annually does not exceed Rs. 5 lakh.

However, for policies with premiums exceeding Rs. 5 lakhs, the maturity proceeds will be added to the individual's income and subjected to applicable income tax rates. This modification in the tax treatment of life insurance policies, excluding Unit Linked Insurance Policies (ULIPs), was introduced in the Union Budget for the fiscal year 2023-24. As per the CBDT notification, Section 10(10D) of the Income Tax Act currently provides an exemption from income tax for the amount received from a life insurance policy, including bonus allocations, subject to specific conditions. Starting from the assessment year 2024-25, amounts received from life insurance policies issued after 1 April 2023 (excluding ULIPs) will not be exempt under Section 10(10D) of the Income Tax Act if the total premium paid in any previous year during the policy term exceeds Rs. 5,00,000.

Conclusion: The Sixteenth Amendment to the Income Tax Rules, 1962, brings clarity to the computation of income chargeable to tax related to life insurance policies. It provides specific formulas to calculate the taxable income and clearly outlines the exclusions. The CBDT's comprehensive guidelines outline the computation of eligible exemption for maturity proceeds from life insurance policies and include illustrative examples. However, it's important to note that the taxation provision for amounts received upon the insured's death remains unchanged and continues to be exempt from income tax.

**4. New Rule for TDS on Foreign Currency Income: Exchange Rate**

[Notification No. 64/2023/F.No. 370142/27/2023-TPL]

https://incometaxindia.gov.in/communications/notification/notification-64-2023.pdf

Introduction: The Ministry of Finance has issued a significant notification, No. 64/2023-Income Tax, on August 17, 2023, amending the Income-tax Rules, 1962. The notification introduces a new rule, impacting the deduction of tax at source (TDS) on income payable in foreign currency. The rule specifies the rate of exchange for calculating the value of such income in rupees.

Analysis: The new rule, outlined in the notification, pertains to the deduction of TDS on income paid in foreign currency. It outlines the specific scenarios where this rule applies, including payments to an assessee outside India and to a Unit located in an International Financial Services Centre. Additionally, the rule covers payments by a Unit located in an International Financial Services Centre to an assessee in India. The rule emphasizes that the rate of exchange used for TDS calculation will be the telegraphic transfer buying rate of the foreign currency. This rate is determined as of the date when the tax is required to be deducted at source. This update ensures that the TDS calculation is based on the most current exchange rate, enhancing accuracy and fairness in taxation. The notification provides explanations for key terms used in the rule, such as "International Financial Services Centre," "telegraphic transfer buying rate," and "Unit." These clarifications aid in interpreting and applying the rule correctly.

Conclusion: The Ministry of Finance's recent notification, No. 64/2023-Income Tax, introduces a vital amendment to the Income-tax Rules, 1962. The new rule specifies the rate of exchange for TDS calculation on income payable in foreign currency, ensuring accurate taxation and compliance. As businesses and individuals engage in cross-border transactions, this rule will play a crucial role in maintaining transparency and fairness in the taxation process. It is essential for taxpayers to be aware of this development and ensure compliance with the updated regulations to avoid any potential penalties or legal consequences.

## 5. CBDT Amends Income Tax Rules for Valuation of Accommodation Perquisite

[Notification No. 65/2023/F. No. 370142/21/2023-TPL Part (1)]

https://incometaxindia.gov.in/communications/notification/notification-65-2023.pdf

The Central Board of Direct Taxes (CBDT) has introduced an amendment to the Income Tax Rules, 1962, relating to the valuation of perquisites for residential accommodation provided by employers. The amendment, effective from September 1, 2023, brings changes to the categorization and limits of cities and populations, along with revised perquisite rates based on the 2011 census. This press release discusses the key aspects of the amendment and its implications.

Analysis: The Finance Act of 2023 incorporated amendments for the calculation of perquisites concerning the value of rent-free or concessional accommodation provided by employers to employees. As a result, the CBDT has modified Rule 3 of the Income Tax Rules, 1962, to accommodate these changes. The amended rule provides detailed guidelines for determining the value of residential accommodation perquisites based on various scenarios and parameters. The significant changes introduced by the amendment include a shift in categorization and limits of cities and populations based on the 2011 census. The earlier perquisite rates of 15%, 10%, and 7.5% have been revised to 10%, 7.5%, and 5% of the salary, respectively. The revised rates are applicable according to the population criteria, categorizing cities as per the census data. Furthermore, the amendment ensures that the valuation of perquisites considers situations where an employee occupies the same accommodation for more than one previous year, aiming for a fair tax implication.

Conclusion: The CBDT's amendment to the Income Tax Rules, 1962, reflects the government's commitment to maintaining up-to-date and relevant regulations. By incorporating the 2011 census data and adjusting the perquisite rates, the amendment seeks to create a more balanced and accurate system for valuing residential accommodation perquisites. Employers and employees alike will benefit from the clarity and transparency provided by this amendment, enhancing the overall efficiency of the taxation framework.

## ▪ RBI / FEMA

| | |
|---|---|
| **1.** | **Enhancing Transaction Limits For Small Value Digital Payments In Offline Mode** |
| | This has reference to the Reserve Bank of India Circular CO.DPSS.POLC.No.S1264/02-14-003/2021-2022 dated January 03, 2022 on "Framework for Facilitating Small Value Digital Payments in Offline Mode".<br><br>As announced in the Statement on Development and Regulatory Policies dated August 10, 2023, the upper limit of an offline payment transaction is increased to Rs. 500. Other instructions mentioned in the framework shall continue to remain applicable as before.<br><br>This directive is issued under Section 10(2), read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) and shall come into effect immediately.<br><br>**CIRCULAR NO. CO.DPSS.POLC.NO.S526/02-14-003/2023-24, DATED 24-8-2023** |
| **2.** | **Fair Lending Practice - Penal Charges In Loan Accounts** |
| | Reserve Bank has issued various guidelines to the Regulated Entities (REs) to ensure reasonableness and transparency in disclosure of penal interest. Under the extant guidelines, lending institutions have the operational autonomy to formulate Board approved policy for levy of penal rates of interest. It has been observed that many REs use penal rates of interest, over and above the applicable interest rates, in case of defaults / non-compliance by the borrower with the terms on which credit facilities were sanctioned.<br><br>The intent of levying penal interest/charges is essentially to inculcate a sense of credit discipline and such charges are not meant to be used as a revenue enhancement tool over and above the contracted rate of interest. However, supervisory reviews have indicated divergent practices amongst the REs with regard to levy of penal interest/charges leading to customer grievances and disputes.<br>**CIRCULAR NO. DOR.MCS.REC.28/01.01.001/2023-24, DATED 18-8-2023** |
| **3** | **RBI Launches उद्गम - Udgam - Centralized Web Portal For Searching Unclaimed Deposits** |
| | The Governor, Reserve Bank of India today launched a Centralized Web Portal उद्गम UDGAM (Unclaimed Deposits - Gateway to Access information). This portal has been developed by RBI for use by members of public to facilitate and make it easier for them to search their unclaimed deposits across multiple banks at one place.<br>The Reserve Bank of India had announced the development of a centralized web portal for searching unclaimed deposits as part of the Statement on Developmental and Regulatory Policies, dated April 6, 2023. Given the increasing trend in the amount of unclaimed deposits, RBI has been undertaking public awareness campaigns from time to time to sensitize the public on this matter. Further, through these initiatives, the RBI has been encouraging members of public to identify and approach their respective banks for claiming unclaimed deposits. |

| | |
|---|---|
| | The launch of the web portal will aid users to identify their unclaimed deposits/ accounts and enable them to either claim the deposit amount or make their deposit accounts operative at their respective banks. Reserve Bank Information Technology Pvt. Ltd. (REBIT), Indian Financial Technology & Allied Services (IFTAS) and participating banks have collaborated on developing the portal.<br>To begin with, users would be able to access the details of their unclaimed deposits in respect of seven banks presently available on the portal. The search facility for remaining banks on the portal would be made available in a phased manner by October 15, 2023. |
| **4.** | **Section 42 Of The Reserve Bank Of India Act, 1934 - Cash Reserves Of Scheduled Banks To Be Kept With Bank - Notified Banks To Maintain Additional Average Daily Balance** |
| | In exercise of the powers conferred by sub-section (1A) of Section 42 of the Reserve Bank of India Act, 1934, the Reserve Bank of India hereby directs that all Scheduled Commercial Banks / Regional Rural Banks / all Scheduled Primary (Urban) Co-operative Banks / all Scheduled State Co-operative Banks, shall maintain with the Reserve Bank of India, with effect from the fortnight beginning August 12, 2023:<br>▪ an additional average daily balance over and above the average daily balance required to be maintained under sub-section (1) of Section 42; and<br>▪ that the amount of such additional average daily balance shall not be less than 10 per cent of the increase in net demand and time liabilities between May 19, 2023 and July 28, 2023. |

## ▪ Companies Act, 2013

**Condonation of delay in filing of Form-3, Form-4 and Form-11 under section 67 of Limited Liability Partnership Act, 2008 read with section 460 of the Companies Act, 2013 – reg.**

1. Representations have been received by the Government that certain LLPs are finding difficulties in filing Form- 3 (LLP Agreement and changes therein), Form- 4 (Notice of appointment, cessation, change in name/ address/designation of a designated partner or partner and consent to become a partner/designated partner) and Form- 11 (Annual Return of LLP) for various reasons including due to mismatch in the master data in electronic registry of the Ministry. Due to this, the records/data in the electronic registry are also not being updated.

2. To address these difficulties faced by the LLPs and as part of Government's constant efforts to promote ease of doing business, the Ministry, in exercise of

its power under section 67 of the Limited Liability Partnership Act, 2008, has decided to grant one-time relaxation in additional fees to those LLPs who could not file the Form-3, Form-4 and Form-11 within due date and provide an opportunity to update their filings and details in Master-data for future compliances.

3. The salient features are as follows: -

- The Form-3 and Form-4 would be processed under Straight through Process (STP) mode for all purposes except for change in business activities. The stakeholders are advised to file these forms in sequential manner i.e., the filing for old events date may be filed first and so on so as to update the master data in proper manner.

- At the time of filing these forms, the pre-filled data as per existing master data of the LLP shall be provided in each of above mentioned forms but the same shall have the facility to edit. The onus of filing correct data would be on the stakeholders. In case of mis-representation, the Designated Partner and the professional certifying the form may be liable for adverse action as per provisions of the law.
- The filing of Form-3 and Form-4 without additional fee shall be applicable for the event dates 01.01.2021 and onwards. For events dated prior to 01.01.2021, these forms can be filed with 02 times and 04 times of normal filing fees as additional fee for small LLPs and Other than small LLPs respectively.
- The filing of Form-11 without additional fee shall be applicable for the financial year 2021-22 onwards. Form-11 for previous years (prior to financial year 2021-22) can be filed with 02 times and 04 times of normal filing fee as additional fee for small LLPs and Other than small LLPs respectively.
- These forms shall be available for filing from 01.09.2023 onwards till 30.11.2023 (both dates inclusive).
- The LLPs availing the scheme shall not be liable for any action for delayed filing of the Form-3, Form-4 and Form-11.
  https://www.mca.gov.in/bin/dms/getdocument?mds=jYQ0wTBvMQwmTluXHncG0A%253D%253D&type=open

# • Knowledge Capsule

1. If a person is operating in different states, with the same PAN number, whether he can operate with a single Registration?
2. Whether a person having multiple business verticals in a state can obtain for different registrations?
3. Is there a provision for a person to get himself voluntarily registered though he may not be liable to pay GST?
4. Who is a Casual Taxable Person?
5. Who is a Non-resident Taxable Person?
6. Is there any Advance tax to be paid by a Casual Taxable Person and Non-resident Taxable Person at the time of obtaining registration under this Special Category?
7. Whether cancellation of Registration under CGST Act means cancellation under SGST Act also?
8. Is there an option to take centralized registration for services under GST Law?

### Answers

**1.** No. Every person who is liable to take a Registration will have to get registered separately for each of the States where he has a business operation and is liable to pay GST in terms of Sub-section (1) of Section 22 of the CGST/SGST Act.

**2.** Yes. In terms of the proviso to Sub-Section (2) of Section 25, a person having multiple business verticals in a State may obtain a separate registration for each business vertical, subject to such conditions as may be prescribed.

**3.** Yes. In terms of Sub-section (3) of Section 25, a person, though not liable to be registered under Section 22 may get himself registered voluntarily, and all provisions of this Act, as are applicable to a registered taxable person, shall apply to such person.

**4.** Casual Taxable Person has been defined in Section 2 (20) of the CGST/SGST Act meaning a person who occasionally undertakes transactions involving supply of goods and/or services in the course or furtherance of business, whether as principal, or agent or in any other capacity, in a State or a Union territory where he has no fixed place of business.

**5.** In terms of Section 2(77) of the CGST/SGST Act, a non-resident taxable person means any person who occasionally undertakes transactions involving supply of goods and/or services whether as principal or agent or in any other capacity, but who has no fixed place of business or residence in India.

**6.** Yes. While a normal taxable person does not have to make any advance deposit of tax to obtain registration, a casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration is required, in terms of Section 27(2) read with proviso thereto, make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought. If registration is to be extended beyond the initial period of ninety days, an advance additional amount of tax equivalent to the estimated tax liability is to be deposited for the period for which the extension beyond ninety days is being sought.

**7.** Yes, the cancellation of registration under one Act (say CGST Act) shall be deemed to be a cancellation of registration under the other Act (i.e. SGST Act). (Section 29 (4)

**8.** No, the tax payer has to take separate registration in every state from where he makes taxable supplies.



We are encouraged by our readers and the complements received. In our endeavour to improve our quality, we request you to spend your two minutes time to give feedback.

Write to us at: **info1@hvj.co.in**

**Thanking You,**
**Team HVJ**