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TAX EDGE

Monthly Tax & Regulatory
Updates



Audit



Tax



Regulatory

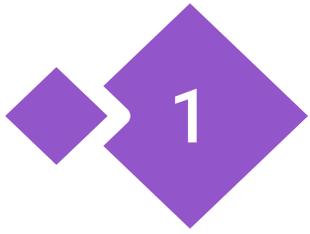


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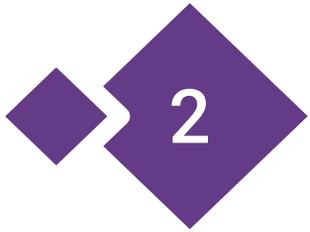
February 2024

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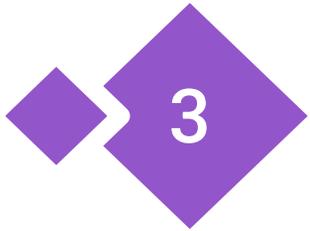
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Goods & Services Tax ('GST')

Average monthly gross GST collection doubles to Rs. 1.66 Lakh Crore

The Hon'ble Finance Minister Nirmala Sitharaman, while presenting the Interim Union Budget 2024 in the Parliament on 1 February 2024, asserted that by unifying the highly fragmented indirect tax regime in India, GST has reduced the compliance burden on trade and industry.

'According to a recent survey conducted by a leading consulting firm, 94% of industry leaders view the transition to GST as largely positive and according to 80% of the respondents, it has led to supply chain optimization' she said. She further added that the average monthly gross GST collection has almost doubled to Rs. 1.66 Lakh Crore this year.

Talking about the increased revenue of States, the Finance Minister said that States' GST revenue, (including compensation released to states), in the post-GST period of 2017-18 to 2022-23, has achieved a buoyancy of 1.22. In contrast, the tax buoyancy of State revenues from subsumed taxes in the pre-GST 4-year period of 2012-13 to 2015-16 was a mere 0.72. The Finance Minister asserted that the biggest beneficiaries are the consumers, as reduction in logistics cost and taxes have brought down prices of most goods and services.

Quoting the National Time Release Studies, the Minister said that the steps taken in Customs to facilitate international trade has resulted in a decline in the import release time by 47% to 71 hours at inland container depots, by 28% to 44 hours at air cargo complexes and by 27% to 85 hours at sea ports, over the last four years since 2019.

Please [Click Here](#) to read Press Release dated 1 February 2024.

GST Network (GSTN) issues advisory on enhanced e-invoicing initiatives & launch of enhanced e-invoice portal

GSTN on occasion of 1 year of going live with the additional 5 new Invoice Registration Portals (IRPs), the e-invoice master information portal and the e-invoice QR code verifier app, has announced the launch of the revamped e-invoice master information portal <https://einvoice.gst.gov.in>. This enhancement is part of the ongoing effort to further improve taxpayer services.

https://einvoice.gst.gov.in/einvoice/dashboard

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Goods and Services Tax
Government of India, States and Union Territories
e - Invoice System

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ial turnover more than Rs. 5 crores from 1st August 2023. e-Invoice Exemption Declaration List (up to 10-10-2023) [Click Here](#). Time limit for reporting invoices on the II

Experience the New & Improved e-Invoice Portal

Salient features of the revamped e-invoice master information portal

- *Permanent Account Number (PAN) based search* - Users can check the e-invoice enablement status of entities using their PAN in addition to search with GSTIN
- *Automatic e-invoice exemption list* - The portal now automatically publishes updated list with all GSTINs that have filed for e-invoice exemptions at the start of the month and is available for users to download

- *Global search bar* - A comprehensive search tab has been introduced that allows for quick access to the information across the portal
- *Local search capabilities* - Enhanced search functionality within advisory, Frequently Asked Questions (FAQ), manual, and other sections for efficient information access
- *Revamped advisory and FAQ section* - Now organized year-wise and month-wise for easier reference, offering comprehensive guidance
- *Daily Invoice Reference Number (IRN) count statistics* - The portal now includes statistics on the daily IRN generation count
- *Dedicated section on mobile app* - Information and support for the e-invoice QR code verifier app are readily available
- *Improved accessibility compliance and UI/UX*: Adhering to the Guidelines for Indian Government Websites, the portal now offers improved features such as contrast adjustment, text resizing buttons and screen reader support for enhanced accessibility
- *Updated website policy* - The website policy has been thoroughly updated including the website archival policy, content management and moderation policy and web information manager details

In the past year alone, more than 1.6 crore e-invoices were reported through the new IRPs, demonstrating the robustness and efficiency of the system. Furthermore, GSTN has introduced an internal e-invoice comprehensive health dashboard to further enhance monitoring of the e-invoice ecosystem. As a result of these improvements in the GSTN e-invoicing system, currently we have the following:

- *Expansion of IRP portals* - Currently, GSTN operates a total of 6 IRP portals through its partners, running robustly alongside the centralized de-duplication system
- *E-invoicing reporting accessibility* - All taxpayers who are eligible for e-invoicing can report e-invoices through any of these 6 IRP portals. The reporting can be done online, via application programming interface, or through a mobile app, all free of cost, making the process accessible and convenient for taxpayers nationwide
- *Hourly auto population* of e-invoices in Form GSTR-1 (Outward supply return) from new IRPs. Additionally, Government is working with National Informatics Centre - IRP to enable hourly auto-population of e-invoices in GSTR-1 reported on the NIC-IRP 1 and 2 portal
- *E-invoice download* for past 6 months for both buyers and sellers via e-invoice portals and G2B APIs
- *E-invoice QR code verifier app* for verification of e-invoice, and search IRN functionality for online verification of IRN

Additionally, an enhanced version of the e-invoice verifier app, packed with new features, is expected to be launched shortly.

Please [Click Here](#) to read the advisory dated 21 February 2024.

Service tax not leviable on recovery of expenses by venture capital fund from contributors – Karnataka High Court

Karnataka High Court has recently passed a ruling giving relief to the financial services sector on a service tax issue. Applicability of the ruling under GST law however, needs to be analysed. The issue relates to applicability of service tax on recovery of expenses by venture capital fund from contributors.

Earlier, Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Bengaluru had upheld levy of service tax on such recovery under the head 'banking and other financial services' u/s 65 (105)(zm) of the Finance Act, 1994. On appeal by the taxpayer, the Karnataka High Court held that service tax is not leviable on expenses recovered by venture capital fund, due to the following reasons:

- The principle of mutuality would apply in the instant case, as per which 'a person cannot transact or do business with himself /herself'
- CESTAT has erred in holding the venture capital fund to be a 'juridical person'. The venture capital fund acts as a 'pass through', wherein funds from contributors are consolidated and invested by the investment manager
- The contributors and the venture capital fund cannot be considered as different entities, since it is an admitted fact that contributors' investment is held in trust by the fund and it is invested as per the advice of investment manager

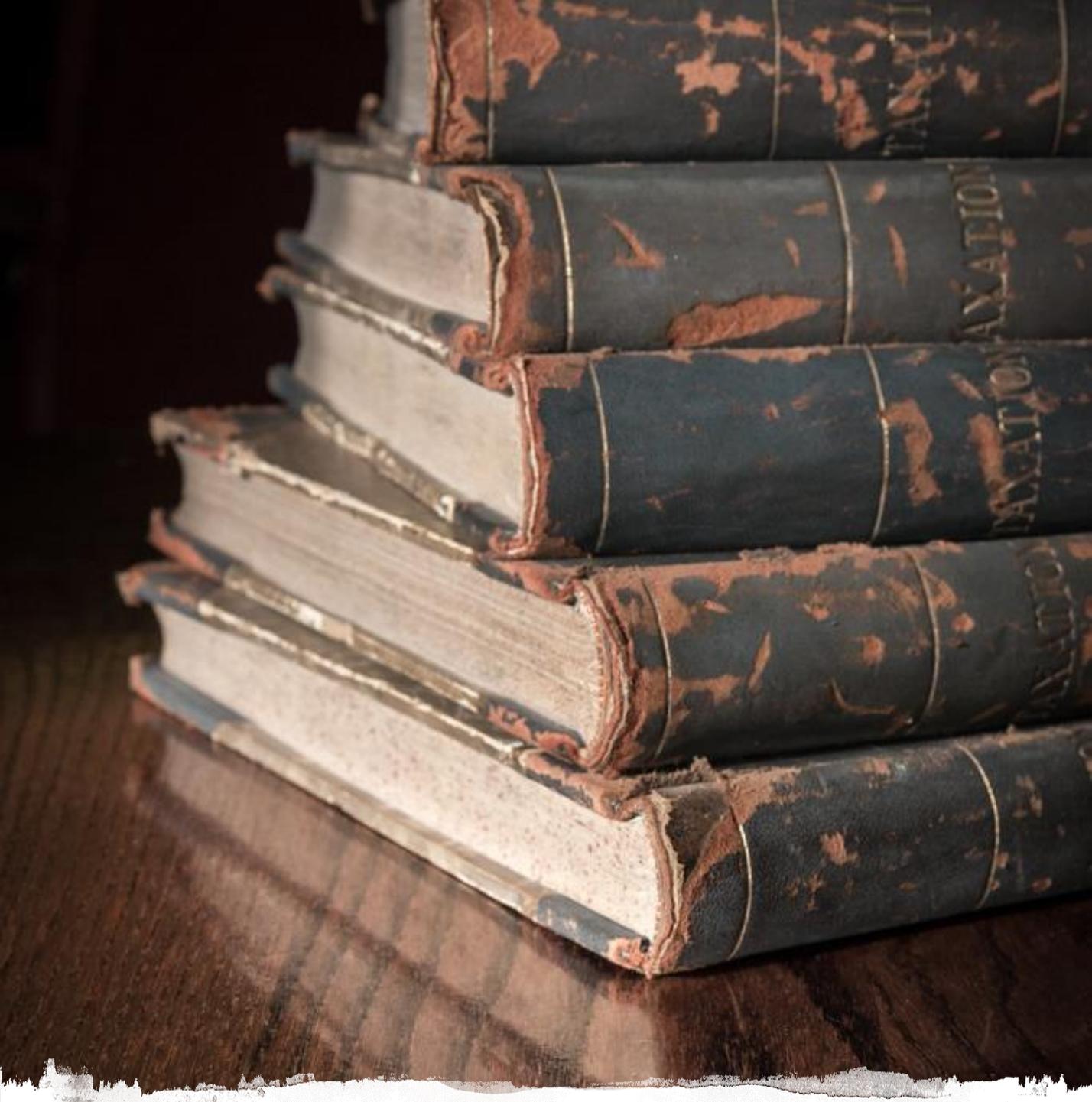
Please [Click Here](#) to read the order dated 8 February 2024.

Interest not leviable on delayed filing of Form GSTR 3B (summary return) when amount of tax is deposited in electronic cash ledger – Madras High Court

Madras High Court has recently passed a ruling giving relief to taxpayers who could not file Form GSTR-3B timely, but paid the tax in the electronic cash ledger to prevent interest liability. Since there are divergent High Court rulings on the matter, the issue may finally be settled by Hon'ble Supreme Court. The High Court held that since the tax amount has already been credited to the Government within the prescribed time limit, there will be no interest liability. The High Court observed as below:

- Section 39(7) of CGST Act provides that the tax should be paid to the Government before the due date of filing Form GSTR-3B return. Thus, it is not relevant whether Form GSTR-3B is filed within due date or not *for the purpose of remittance of tax to the exchequer*
- Once the amount is deposited, it should be made available to the Government for its use and the Government cannot wait or defer the utilisation of the said amount until the date of filing Form GSTR-3B
- The date when the amount is deposited or credited to the Government will be the actual date of discharge of tax liability. If any amount is deposited after due date, only for the said amount, the liability to pay interest would arise

Please [Click Here](#) to read the order dated 23 January 2024.



Direct Tax

Direct Tax

Direct tax collection for Financial Year (FY) 2023-24 (upto 10 February 2024) Rs. 18.38 Lakh Crore, 17.30% higher than gross collection for corresponding period last year

The Central Board of Direct Taxes (CBDT) has released the following statistics on 11 February 2024.

For the period 1 April 2023 till 10 February 2024	Amount	Remarks	
Gross direct tax collection	18.38 lakh crore	17.30 % higher than gross collection for corresponding period last year	
Net direct tax collection (after adjustment of refunds)	Rs. 15.60 lakh crore	<ul style="list-style-type: none">20.25 % higher than net collection for corresponding period last yearThe collection represents 80.23% of the total revised estimates of Direct Taxes for FY 2023-24.	
Growth Rates	Particulars	Gross Growth Rate	Growth Rate (Net of refunds)
	Corporate Income Tax (CIT)	9.16%	13.57%
	Personal Income Tax (PIT)	25.67%	26.91%
	PIT including Securities Transaction Tax (STT)	25.93%	27.17%
Refunds issued	Rs. 2.77 lakh crore		

Please [Click Here](#) to read Press Release dated 11 February 2024.

Direct Tax

Central Board of Direct Taxes (CBDT) issues order to implement the proposal (in the Interim Union Budget 2024) for remission of petty tax demands upto Rs.100,000

Background

Realizing that a large number of old, petty, unreconciled, disputed tax demands exist in the system causing anxiety to taxpayers, the Finance Minister in the Interim Union Budget presented in the Parliament on 1 February 2024 had proposed to withdraw such demands upto Rs. 25,000 (relating upto Financial Year 2009-10) and Rs. 10,000 (for Financial Years 2010-11 to 2014-15). The Finance Minister mentioned that this is likely to benefit about 1 crore taxpayers.

Order no. 375 /02 /2023 passed by CBDT on 13 February 2024

CBDT has passed the captioned order on 13 February 2024 to give effect to the announcement of Finance Minister. The order provides below guidelines for waiver / remission of the outstanding tax demand.

- The maximum limit for withdrawal of tax demand for a given taxpayer will be Rs.100,000
- Tax demand for this purpose shall include principal amount of tax, interest, surcharge, cess, penalty or fees
- Tax demand will not include outstanding liability in relation to withholding tax / tax collection at source
- Fraction of a demand shall be ignored
- Withdrawal / cancellation of demand will be undertaken in a chronological manner for the years under consideration

The decision to waive / rescind old, petty tax demands is a welcome by the Government.

Please [Click Here](#) to read Order no. 375 /02 /2023 passed by CBDT on 13 February 2024.

Direct Tax

Income-tax Return (ITR) Forms 2, 3, 5 & 6 for Assessment Year (AY) 2024-25 notified well in advance by CBDT

Vide Notification no. 105/2023 dated 22 December 2023, CBDT had notified ITR Forms 1 and 4 for AY 2024-25, applicable for resident individuals / Hindu Undivided Families (HUFs).

Subsequently, CBDT has notified the following ITR forms in the month of January 2024:

- ITR 2, 3 and 5, vide Notification No. 19 of 2024 dated 31 January 2024
- ITR 6, vide Notification No. 16 of 2024 dated 24 January 2024

With this, all ITR forms 1 to 6 have since been notified and will come into effect from 1 April 2024 onwards. Largely, the changes incorporated were necessitated due to amendments in the Income-tax Act, 1961 made vide Finance Act, 2023. A summary of applicability of the various ITR forms for AY 2024-25 is given below.

- ITR - 1 (Sahaj) can be filed by resident individuals having annual total income upto Rs. 50 lakh *and* having income from salary, 1 house property and income from other sources
- Individuals and HUFs not having income from business or profession [and not eligible for filing ITR - 1 (Sahaj)] can file ITR-2, while those having income from business or profession can file ITR – 3
- ITR - 4 (Sugam) is for resident individuals, HUFs and partnership firms (other than limited liability partnership) having total annual income upto Rs. 50 lakh *and* having income from business and profession computed on presumptive basis u/s 44AD, 44ADA or 44AE of the Income-tax Act
- Persons other than individual, HUF and companies (i.e. partnership firm, limited liability partnership, etc.) can file ITR – 5
- Companies other than those claiming tax-exemption u/s 11 (not for profit entities) can file ITR - 6

Please [Click Here](#) to read Press Release dated 2 February 2024.

Please [Click Here](#) to read Notification no. 16/2024 dated 24 January 2024.

Notification no. 19/2024 dated 31 January 2024 is yet to be uploaded on the portal of Income-tax authorities.

Direct Tax

Interim Union Budget 2024 presented by Finance Minister in Parliament on 1 February 2024

The Hon'ble Finance Minister Nirmala Sitharaman presented Interim Budget for the current year on 1 February 2024. Unlike last year's futuristic budget wherein the Government had built on the blueprint for India at 100 years of independence, this year's interim budget had been more of a recapitulation of the efforts made by the Government in last 10 years to bring India on a growth trajectory.

Being only an interim budget, not many reforms were proposed as expected by the industry, except of course the promise to deliver more in case the same Government comes to power in the upcoming elections. In other words, much has been left to a full-fledged budget to be announced towards middle of the current year sometime around July 2024. Interestingly, Government has proposed to lay a white paper in the Parliament on how it has overcome the crisis and mismanagement which existed when it came to power in the year 2014.

The Government has drawn attention at its focus on 4 important sectors of the population namely, the Poor, the Women, the Youth & the Farmer. An innovative definition of 'GDP' was quoted, namely 'Governance, Development & Performance'. India's assumption of G20 presidency was highlighted, along with measures to overcome the difficult times of pandemic in 2019. The Government expressed its vision for a prosperous India in harmony with nature, with modern infrastructure and providing opportunities for all citizens and all regions to reach their potential.

On *Direct Tax* front, Government reiterated the populist measures adopted in the last few years such as rationalization of tax rate for the masses, increase in threshold monetary limit for presumptive taxation, reduction in corporate tax rate for new manufacturing companies, etc. No changes were made in existing tax rates. For certain tax benefits to start-ups and investments made by sovereign wealth or pension funds, the sunset clause has been extended by one year to 31 March 2025.

On *Indirect Tax* front, Input Service Distributor (ISD) registration has been made compulsory for entities holding multiple registrations, with penalties imposed for non-compliance. Further, stringent enforcement measures have been prescribed to curb tax evasion by manufacturers of tobacco, pan masala and similar products.

Pease [Click Here](#) to read our analysis on the India Interim Budget 2024.



International Tax

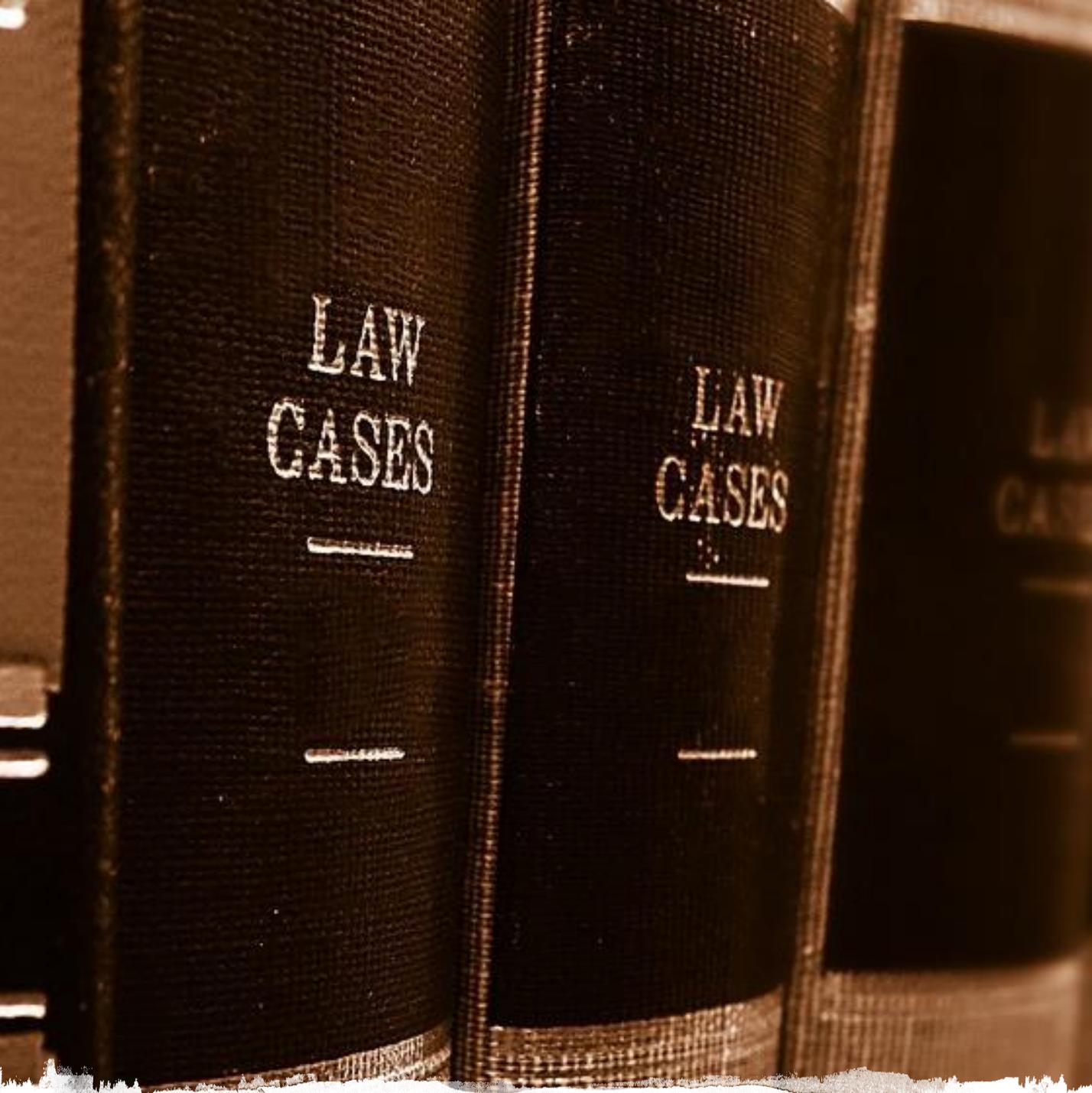
International Tax

Ministry of Finance notifies agreement between India & Samoa for exchange of tax information

The Ministry of Finance has notified the captioned agreement for exchange of tax information between the 2 countries. The agreement sets forth a robust framework for exchange of information, promoting transparency and avoiding tax evasion. Framework of the agreement is given below.

Article of the tax information exchange agreement	Provision
1 to 4	Object & Scope of the Agreement, Jurisdiction, Taxes covered & Definitions
5 to 8	Exchange of information, Tax examination, Possibility of declining a request for information & Confidentiality
9 to 13	Costs, Implementation legislation, Mutual Agreement Procedure, Entry into force & Termination

Please [Click Here](#) to read Notification no. 21 of 2024 dated 7 February 2024.



Corporate Law & Regulatory

Corporate Law & Regulatory

Change Request Form (CRF) now available on V3 portal of Ministry of Corporate Affairs (MCA)

What is a CRF?

A web-based form for users of MCA-21 portal, which allows them to request changes to the Registrar of Companies (ROC) for purposes that cannot be handled through existing forms, services or functionalities. The form is primarily intended to be used for purposes like master data correction and to comply with certain directions of Courts / Tribunals, which ordinarily cannot be complied with through existing forms or services on MCA-21. The form should not be used as a substitute for any approval related or registration related queries for which existing tickets and help desk facilities are available.

Circular no. 02 / 2024 issued by MCA on 19 February 2024

MCA has informed that CRF is now available on V3 portal for convenience of users of MCA-21 services. Further, it has been mandated that the form should be processed by ROCs within 3 days of its filing, after which it should be forwarded to Joint Director (e-governance cell), who shall process and decide the matter within maximum of 7 days.

Please [Click Here](#) to read the Notification dated 19 February 2024 issued by MCA.

Corporate Law & Regulatory

Disclosure of Significant Beneficial Ownership in Limited Liability Partnerships (LLPs) – MCA relaxes additional fee & extends due date for filings with ROC in Forms BEN-2 & 4D

Background

Till October 2023, 'Significant Beneficial Owner' rules under the Companies Act 2023 applied only to companies. However, vide a notification dated 9 November 2023, MCA extended the same to cover LLPs also.

What is Significant Beneficial Owner?

An individual possessing the following right(s) in an LLP:

- 10% or more of the contribution in the LLP
- 10% or more of the voting rights in respect of management or policy decisions of the LLP
- 10% or more of the distributable profits of the LLP
- Right to exercise significant influence or control in the LLP

Requirement to submit e-forms BEN-2 and 4D with ROC

In November 2023, ROC had prescribed the following legal obligations on LLPs

- Step 1 - LLP would be required to identify its Significant Beneficial Owners and cause such individuals to make a declaration in Form BEN-1
- Step 2 - LLP would be required to give notice in Form BEN-4 (seeking information pertaining to Significant Beneficial Ownership) to every non-individual partner holding 10% or more of its contribution or voting rights
- Step 3 - Upon identification of Significant Beneficial Owners, LLP would be required to *file return in Form BEN-2 with ROC within 30 days from date of receipt of declaration*. In case a person becomes Significant Beneficial Owner subsequently, he has to make the declaration to LLP immediately. In such case, LLP would be required to file a *return in Form 4D with the ROC within 30 days from date of receipt of such declaration*
- Step 4 - LLP would be required to maintain register of Significant Beneficial Owners in Form BEN-3

Corporate Law & Regulatory

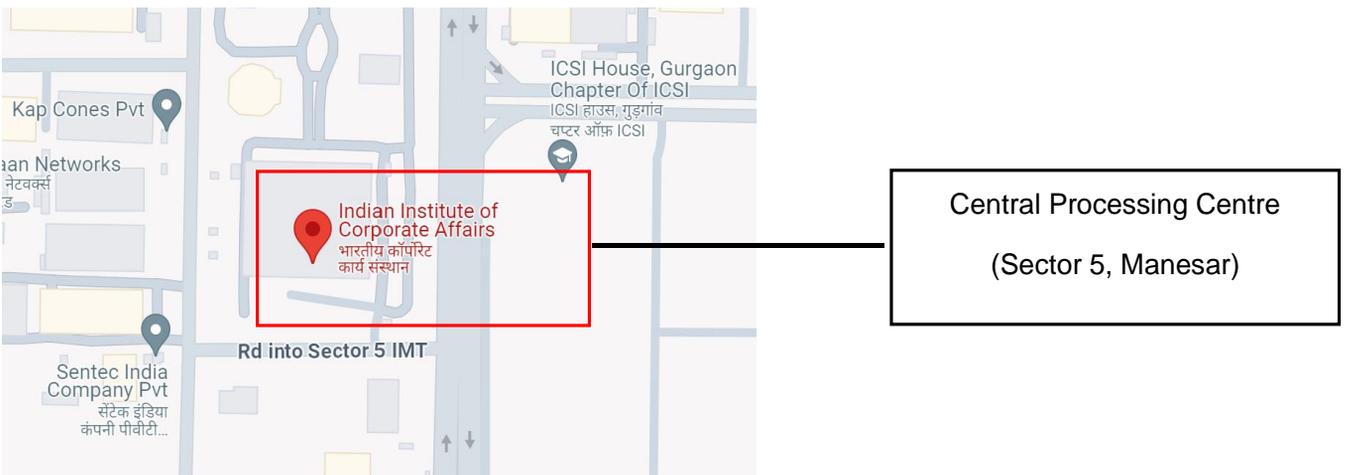
[Circular no. 01 / 2024 dated 7 February 2024 issued by MCA](#)

In view of transition of MCA-21 from V2 to V3 and promote compliance, MCA has extended the timeline for filing Forms BEN-2 and 4D without additional fees until *15 May 2024*. The forms shall be available for filing on V3 portal from *15 April 2024* onwards, giving a window of 1 month for filing without any additional fee.

Please [Click Here](#) to read Notification dated 7 February 2024.

MCA establishes Central Processing Centre (CPC) at Manesar, Gurugram, Haryana

To expedite regulatory approvals of certain e-forms, the MCA has established a CPC at the Indian Institute of Corporate Affairs in Manesar, Gurugram in the state of Haryana, which will have jurisdiction across the country.



The CPC is authorized to process and dispose e-forms filed with the requisite fee as per the Companies (Registration of Offices and Fees) Rules 2014. While the jurisdictional ROC, other than the Registrar of CPC, will continue to have jurisdiction over companies in their area for all other provisions of the Companies Act 2013 and its rules, the Registrar of CPC will have jurisdiction specific to the processing of certain e-forms.

Corporate Law & Regulatory

Further, Government has amended the Companies (Registration of Offices and Fees) Rules 2014, to confer the following powers upon the Registrar of CPC:

- Power to decide on the applications, e-forms or documents within 30 days from the date of filing
- Power to exercise jurisdiction across India in respect of examination of following applications / forms:
 - ✓ MGT-14 – Filing of resolutions and agreements with ROC
 - ✓ SH-7 - Notice to ROC for alteration of share capital
 - ✓ SH-8 - Letter of Offer
 - ✓ SH-9 - Declaration of Solvency
 - ✓ SH-11 - Return in respect of buy-back of securities
 - ✓ INC-6 - Application for conversion of One Person Company
 - ✓ INC-20 - Intimation to ROC of revocation / surrender of license by section 8 companies
 - ✓ INC-24 - Application for approval of Central Government for change in name
 - ✓ INC-27 - Conversion of public company into private company or vice-versa
 - ✓ DPT-3 - Return of deposits
 - ✓ MSC-1 - Application to ROC for obtaining dormant status
 - ✓ MSC-4 - Application for seeking active status

The establishment of CPC is a welcome step towards modernizing and improving the corporate governance framework in India.

Please [Click Here](#) to read the Notification dated 2 February 2024 issued by MCA.

Please [Click Here](#) to read the Notification dated 14 February 2024 issued by MCA.

Corporate Law & Regulatory

Relaxation in Water Pollution rules to encourage citizens / businesses operate without fear of imprisonment for minor defaults

Background

The Water (Prevention and Control of Pollution) Act, 1974 was enacted by the Government of India to avoid pollution of water and keep it clean. The Central and State Pollution Control Boards were established under this law and they work closely with the Ministry of Environment, Forest and Climate Change, to achieve this objective.

The Water (Prevention and Control of Pollution) Amendment Bill, 2024

The captioned bill was recently passed by both houses of Parliament on 8 February 2024 and received assent of the Hon'ble President of India on 15 February 2024. The amendments proposed by the said Bill aim to relax the law with the objective that citizens and businesses are able to operate without fear of imprisonment for minor defaults.

Highlights of key amendments

- Decriminalization of minor offences - Minor offences relating to water pollution have been decriminalized, replacing imprisonment with penalties. Penalties could range between Rs.10,000 to Rs. 15 Lakh
- Exemption to certain industrial plants – Central Government has been empowered to exempt certain industrial plants from statutory restrictions, leading to reduction of workload on regulatory bodies

Please [Click Here](#) to read the Water (Prevention and Control of Pollution) Amendment Act, 2024.

Compliance Calendar

Compliance calendar for the month of March 2024

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7 th March	February 2024	TDS / TCS deposit	Non-Government Deductors
		Equalization Levy deposit	All Deductors
10 th March		a) GSTR-7 (TDS return under GST) b) GSTR-8 (TCS return under GST)	a) Person required to deduct TDS under GST b) Person required to collect TCS under GST
11 th March		GSTR-1 (Outward supply return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13 th March		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD
		Invoice Furnishing Facility - IFF (Details of outward supplies of goods or services)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and opted for QRMP Scheme
		GSTR-5 (Return by Non-resident)	Non-resident taxable person (NRTP)
15 th March	FY 2023-24	Deposit of PF & ESI contribution	All Deductors
		Deposit of 100% (4th Instalment) of Advance Tax for FY 2023-24	Taxpayers liable to pay advance tax
20 th March	February 2024	GSTR-3B (Summary return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and not opted for QRMP scheme
		GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	OIDAR services provider
25 th March		Form GST PMT-06 (payment of tax for QRMP filers)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and opted for QRMP scheme
31 st March	FY 2022-23	Form 3CEAD (Country-by-Country reporting)	Parent entity or alternate reporting entity, resident in India, in respect of the international group of which it is a constituent
	FY 2024-25	Form CMP-02 (application for composition levy)	Taxable persons opting for composition scheme as per GST
		Form RFD-11 (Letter of Undertaking)	Taxable persons availing the option to supply goods or services for export / SEZs without payment of integrated tax
	FY 2020-21	Updated ITR u/s 139(8A) of Income-tax Act	Taxpayers wishing to rectify errors / omissions and update their previous ITR.

About KrayMan

KrayMan Consultants LLP is an Accounting and multi-disciplinary Advisory Firm founded in 2012 by professionals with Big-4 Consulting and Industry experience. Our forte lies in handholding foreign companies establishing presence in India by demystifying the complex Indian regulatory environment making it easy for them to do business in India. Since inception, we have been delivering value to a mix of multinational Clients from across the globe

The Leadership team comes with rich experience and is supported by a capable & efficient team of professionals including Chartered Accountants, Company Secretaries, Cost Accountants, Advocates and MBAs who are committed in providing timely, professional and quality services to our Clients

We believe that in today's dynamic and ever changing business environment, it is important for accounting, tax & legal professionals to operate with a global approach and mind set. In pursuit of extending global footprints, we have a Japan Desk and an EU Desk to support investments from these countries into India.

In addition, we are members of various associations and forums both at national as well as international levels viz. JCCII, IICCI, IFCCI, CBA, PAN and CII

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