

TAX EDGE

Monthly Tax & Regulatory Updates



Audit



Tax



Regulatory

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Measures to combat COVID-19



Measures to combat COVID-19

India's cumulative COVID-19 vaccination coverage exceeds 2 billion doses, over 38.2 million 1st dose vaccines administered for age group 12 – 14 years



**INDIA'S COVID-19
VACCINATION
COVERAGE
200.91 CRORE**



Doses Given		1 st Dose	2 nd Dose	Precaution Dose
	Healthcare Workers (HCWs)	1.04 Crore	1 Crore	60.90 Lakh
	Frontline Workers (FLWs)	1.84 Crore	1.76 Crore	1.16 Crore
	Age Group 12-14 Years	3.82 Crore	2.66 Crore	-
	Age Group 15-18 Years	6.09 Crore	5.03 Crore	-
	Age Group 18-44 Years	55.90 Crore	50.66 Crore	95.69 Lakh
	Age Group 45-59 Years	20.35 Crore	19.47 Crore	70.39 Lakh
	Over 60 Years	12.73 Crore	12.16 Crore	2.91 Crore

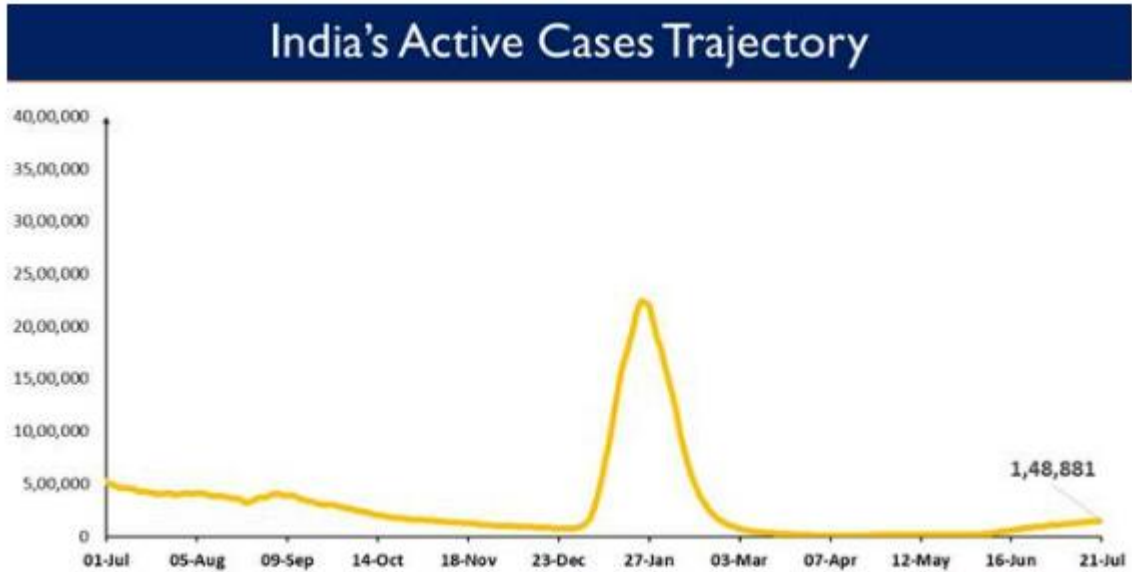


India's COVID-19 vaccination coverage has exceeded 2 billion doses, achieved through 2,64,98,391 sessions.

COVID-19 vaccination for the age group 12-14 years was started on 16 March 2022. So far, more than 3,82,20,319 adolescents have been administered with the 1st dose of COVID-19 vaccine. Similarly, the COVID-19 precaution dose administration for age group 18-59 years also started from 10 April 2022 onwards.

Measures to combat COVID-19

India's active caseload currently stands at 148,881. Active cases now constitute 0.34% of the country's total positive cases. India's recovery rate stands at 98.46%. Weekly positivity rate stands at 4.51%, daily positivity rate stands at 4.25%.



Please [Click Here](#) to read the Press Release dated 21 July 2022.



Measures to combat COVID-19

Union Government has provided more than 1.93 billion vaccine doses to States / Union Territories (UTs)

The Union Government is committed to accelerating the pace and expanding the scope of COVID-19 vaccination throughout the country. The nationwide COVID 19 vaccination started on 16 January 2021. The new phase of universalization of COVID-19 vaccination commenced from 21 June 2021. The vaccination drive has been ramped up through availability of more vaccines, advance visibility of vaccine availability to States and UTs for enabling better planning by them, and streamlining the vaccine supply chain.

As part of the nationwide vaccination drive, Government of India has been supporting the States and UTs by providing them COVID Vaccines free of cost. In the new phase of the universalization of the COVID19 vaccination drive, the Union Government will procure and supply (free of cost) 75% of the vaccines being produced by the vaccine manufacturers in the country to States and UTs.

Vaccine doses as on 21 July 2022	
Supplied	1,93,63,12,325
Balance Available	8,32,51,830

More than 1.93 billion vaccine doses have been provided to States/UTs so far through Union Government's free of cost channel and direct state procurement category. More than 8,32,51,830 balance and unutilized COVID-19 Vaccine doses are still available with the States/UTs to be administered.

Please [Click Here](#) to read the Press Release dated 21 July 2022.

Central Government reviews COVID-19 Situation in 115 districts of 9 States showing an upsurge in COVID cases, flags concerns regarding low levels of testing & vaccination

The Union Health Secretary chaired a high-level meeting on 20 July 2022 to review the COVID-19 situation in 9 states of Kerala, West Bengal, Tamil Nadu, Maharashtra, Assam, Andhra Pradesh, Himachal Pradesh, Mizoram and Arunachal Pradesh. These States are either reporting a surge in new daily COVID cases or a rise in positivity. The public health measures for surveillance, containment and management of COVID19 were also reviewed.

Expressing concern regarding the surge in cases in these states in the past one month, Member (Health), NITI Aayog reiterated, "We need to be mindful that COVID has not gone. Looking at the global scenario, we need to be at high alert. There is poor surveillance, poor testing and below average vaccination in many states undergoing the present surge", he pointed out. He urged states to improve the testing in areas with high positivity, increase surveillance as per the revised surveillance strategy and speed up COVID vaccination.

Measures to combat COVID-19



Union Health Secretary underlined the critical COVID control and management strategies as below:

- All districts reporting higher positivity rate need to undertake adequate testing with higher proportion of RTPCR tests. Any laxity will result in deterioration of the situation in these districts.
- There is need to effectively and strictly monitor home isolation cases so that they are not intermingling and circulating in their neighborhoods, community, village, mohalla, ward etc., and spreading the infection.
- States were advised to conduct surveillance as per revised surveillance strategy issued on 9 June, 2022. They were further directed to report district-wise SARI (Severe Acute Respiratory Illness) and ILI (Influenza-like Illness) cases on a daily basis. Also, to send these for genome sequencing to mapped INSACG labs.
- States were advised to undertake test indicated proportion of international arrivals, with genome sequencing of all positives; identify sentinel sites for INSACOG network to send samples for Whole Genome Sequencing.
- States also to send positive samples from large clusters / outbreaks in the community and unusual events for Whole Genome Sequencing.
- States to create added awareness regarding reporting of those who opt for home test kits through RAT, for timely identification of those cases that need clinical management. All such positive patients to be advised for home isolation so prevent infection spread in the community.
- States were urged to accelerate administration of ongoing free Covid-19 vaccination for 1st, 2nd and precaution dose. States were further urged to intensify the implementation of free precaution doses for 18+ population under 'COVID Vaccination Amrit Mahotsav' till 30th September, 2022.
- States were reiterated that focused implementation of COVID Appropriate Behaviour (CAB) is critical to control the spread of infection. They were advised to create awareness within community on infection spread and on these protocols

Measures to combat COVID-19

It was pointed out that the average tests per million populations is below the national average in Andhra Pradesh, Arunachal Pradesh, Assam, West Bengal, Maharashtra and Himachal Pradesh, while the share of RT-PCR tests is very low in the states of Mizoram, Arunachal Pradesh and Assam and below the national average in the states of Himachal Pradesh, Kerala and West Bengal. These states were asked to urgently address the declining trend of RT-PCR tests and improve their average daily tests per million.



It was noted that there remains substantial scope in increasing the pace of vaccination in Arunachal Pradesh, Mizoram, Assam, Maharashtra, West Bengal, Tamil Nadu and Kerala. States were also exhorted to ensure strict surveillance in all the districts of concern that are showing positivity rate of over 10% in the last week.

States were reminded of Government of India's new initiative, 'COVID Vaccination Amrit Mahotsav' which was launched on 15 July, 2022 to provide free precaution dose at all Government Covid Vaccination Centers (CVCs). All persons aged 18 years and above who have completed 6 months or 26 weeks since the administration of 2nd dose of Covid-19 vaccine are eligible for administration of free precaution dose till 30 September, 2022.

Please [Click Here](#) to read the Press Release dated 20 July 2022.

Measures to combat COVID-19

75 days - 'COVID Vaccination Amrit Mahotsava' commences from 15 July 2022 onwards to provide free precaution dose to all eligible adult population at Government vaccination centers

75 days - 'COVID Vaccination Amrit Mahotsava' has commenced from 15 July 2022 onwards to provide free precaution dose at all adults' (18 years and above) eligible population at Government COVID Vaccination Centres (CVCs). Being implemented in a 'Mission Mode' this special COVID vaccination drive is a part of the celebration for Azadi ka Amrit Mahotsav. The special drive is aimed to increase uptake for the precaution dose of COVID vaccine among the eligible adult population.

In a virtual meeting chaired by Union Health Secretary, States and UTs have been urged to give an intensive and ambitious push towards full COVID19 vaccination coverage by vaccinating all eligible beneficiaries and covering them with precaution dose.



Union Health Secretary highlighted that less percentage of precaution doses uptake among population groups aged 18 years and above (8%) and persons aged 60 years and above (27%) is a cause of concern.

States/UTs were advised to operationalise special workplace vaccination camps at big office complexes (public and private), industrial establishments, railway stations, inter-state bus stations, in schools and colleges, etc. In all such special vaccination camps, vaccination to be done mandatorily through CoWIN and vaccination certificate to be provided. Ambitious District / Block / CVC-wise session plans need to be made for successful implementation of the initiative and to ensure that all eligible population is covered by precaution dose. States/UTs were also advised to do wide advance publicity of this initiative in print, electronic, social and mass media. State Health Secretaries have been urged to undertake regular weekly review of progress at the State level.

States/UTs were advised to ensure that the available COVID vaccine doses are consumed in a timely manner and no dose expires in Government or private facilities. Highlighting that COVID vaccine is a precious national resource, states were requested to assess the requirement for the 75-day special drive as per the eligible population groups and inform to the Centre. This would enable the Union Ministry of Health to provide adequate doses to the States/UTs that need them. The principle of First Expiry, First Out shall continue to guide the COVID vaccination.

Please [Click Here](#) to read the Press Release dated 14 July 2022.

Goods & Services Tax (‘GST’)



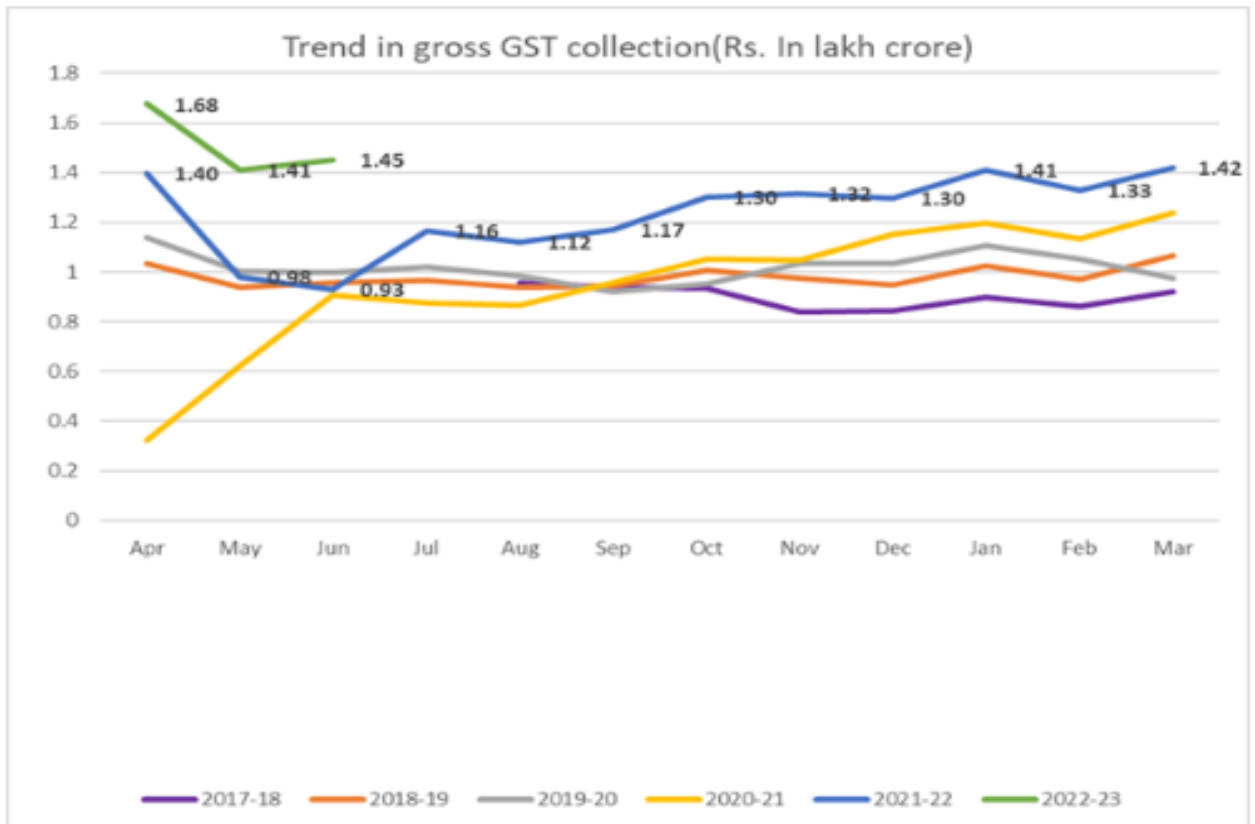
GST

GST revenue collection for June 2022 Rs. 144,616 Crore (56% higher than GST revenue collection in June 2021)

The gross GST collected in the month of June 2022 is Rs. 144,616 Crore as below.

IGST (Integrated Goods and Services Tax)	Rs. 75,887 Crore
CGST (Central Goods and Services Tax)	Rs. 25,306 Crore
SGST (State Goods and Services Tax)	Rs. 32,406 Crore
Compensation cess	Rs. 11,018 Crore
Total	Rs. 1,44,616 Crore

This is only the 5th time the monthly GST collection crossed Rs.1.40 lakh crore mark since inception of GST. The revenues for the month of June 2022 are 56% higher than the GST revenues in June 2021. During the month, revenues from import of goods were 55% higher and the revenues from domestic transaction (including import of services) are 56% higher than the revenues from these sources during the same month last year.



Please [Click Here](#) to read Press Release dated 1 July 2022.

Highlights of the 47th GST Council Meeting held on 28 & 29 June 2022 in Chandigarh

The 47th GST Council met under the Chairmanship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in Chandigarh on 28 and 29 June 2022. The GST Council made the following key recommendations.

Recommendations relating to	Details
GST rates on goods and services	<ul style="list-style-type: none">• Rationalization of GST Rates to remove inverted duty structure• Withdrawal of exemptions• Applicability of GST on casinos, race course and online gaming• Clarifications on GST Rate on certain goods and services
Measures for Trade Facilitation	<ul style="list-style-type: none">• Waiver of requirement for mandatory registration for persons supplying goods through e-commerce operators (ECO)• Composition taxpayers would be allowed to make supplies in the same state through e-commerce operators• Amendment in formula for calculation of refund of unutilized Input Tax Credit (ITC) on account of inverted rated structure• Amendment in rules for handling of pending refund claims• Rules providing the manner of calculation of interest• Exemptions from filing of Form GSTR-9 (Annual Return) for Financial Year (FY) 2021-22 for certain taxpayers• Extension of the waiver of late fees for delay in filing Form GSTR-4 for FY 2021-22• Extension of due date of filing of Form GST CMP-08 for quarter ending June 2022 for FY 2022-23• UPI & IMPS to be provided as an additional mode for payment of GST• Issue of clarifications and circulars to remove ambiguities / disputes matters pertaining to GST
Measures for streamlining compliances under GST	<ul style="list-style-type: none">• Provision for automatic revocation of suspension of registration in cases where suspension of registration was done by the system• Proposal for comprehensive change in Form GSTR-3B• Exclusion of some time period from calculation of the limitation period for filing refund claim• Constitution of a Group of Ministers to address various concerns raised by the states

Please [Click Here](#) to read the detailed Press Release dated 29 June 2022.

Please [Click Here](#) to read our detailed alert dated 1 July 2022 (especially for the new GST rates).

Renting of residential dwelling to GST registered person – Withdrawal of exemption & introduction of GST @ 18% on reverse charge basis

Earlier, renting of residential dwelling was not subject to GST. However, on recommendation of GST Council, the Central Board of Indirect Taxes & Customs has withdrawn the exemption and brought the renting of residential dwelling to GST registered person under the purview of GST @ 18% on reverse charge basis. There is however, lack of clarity on eligibility of ITC on the same.

Please [Click Here](#) to read Notification no. 4/2022-Central Tax (Rate) dated 13 July 2022.

Please [Click Here](#) to read Notification no. 5/2022-Central Tax (Rate) dated 13 July 2022.

Central Board of Indirect Taxes & Customs (CBIC) issues clarification on various issues to ensure uniformity in implementation of GST

Clarification regarding	Background	Issues	Clarification issued
Refund claimed by the recipient of supplies regarded as deemed exports	<p>Deemed Exports refers to supplies of goods manufactured in India which are notified as deemed export where the goods do not leave India and such supply is subject to levy of tax.</p> <p>However, an application for refund of tax paid has to be filed by the supplier or recipient of deemed export supplies, as the case may be.</p>	<ul style="list-style-type: none">Recipients of deemed export supplies were facing difficulties on the GST portal to claim refund of tax paid due to requirement of the portal to debit the amount so claimed from Electronic Credit Ledger (ECRL)Whether the ITC availed by the recipient of deemed export would be subject to blocked ITC (ineligible ITC)?Whether the ITC availed by the recipient of deemed export would be included in 'Net ITC' for computation of refund of unutilized ITC?	<ul style="list-style-type: none">The tax paid on such supplies has been made available as ITC to recipients only for enabling them to claim such refunds on GST portal and such tax shall not be treated as ITC in terms of provisions of CGST Act, 2017ITC availed by recipient would not be subject to ineligible ITCSince, such tax shall not be treated as ITC in terms of provisions of CGST Act, 2017, the ITC availed by the recipient would not be included in the 'Net ITC'

Clarification regarding	Background	Issues	Clarification issued
Various clarifications related to Blocked ITC	<p>As per section 17(5) of CGST Act, 2017, a taxpayer is not eligible to take ITC on GST paid on certain goods and services provided to its employees. However as per the proviso, ITC in respect of certain goods and services may be eligible where it is obligatory for an employer to provide the same to its employees.</p> <p>ITC shall not be available in respect of input services by way of 'leasing, renting or hiring of motor vehicles, vessels or aircraft'</p>	<ul style="list-style-type: none"> Whether such proviso is applicable only for travel benefits extended to employees or is applicable for all goods and services covered u/s 17(5)(b)? Whether ITC on input services by way of any type of leasing is not available under the said provision? 	<ul style="list-style-type: none"> It has been clarified that such proviso shall be applicable to all goods and services covered u/s 17(5)(b) 'Leasing' here refers leasing of motor vehicles, vessels and aircrafts only and not to leasing of any other items. Accordingly, ITC shall be available in other types of leasing
Perquisites provided by employer to the employees as per contractual agreement	As per schedule III to the CGST Act, services by employee to the employer in course of or in relation to his employment will not be considered as supply and hence GST is not applicable on the services rendered by the employee	Whether various perquisites provided by the employer to its employees in terms of contractual agreement entered into between the employer and the employee are liable for GST?	Any perquisites provided by the employer to its employees in terms of contractual agreement, will not be subject to GST
Utilization of amounts available in ECRL & Electronic Cash Ledger (ECL) for payment of tax & other liabilities	As per section 49 of CGST Act, 2017, any amount available in the ECRL may be used for making any payment towards output tax subject to the order of utilization of ITC. Any amount available in the ECL may be used for making any payment towards tax, interest, penalty, fees etc.	<p>Whether the amount available in the ECRL can be used for making payment of any tax under the GST Laws?</p> <p>Whether the amount available in the ECRL can be used for making payment of any liability other than tax under the GST Laws?</p> <p>Whether the amount available in the ECL can be used for making payment of any liability under the GST Laws?</p>	<ul style="list-style-type: none"> Any payment towards output tax, whether self-assessed or payable as a consequence of any proceeding initiated under GST can be made by utilization of amount available in ECRL ECRL can be used for making payment of output tax only. It can't be used for making payment of any interest, penalty, fees. Also, ECRL can't be used for payment of erroneous refund sanctioned to the taxpayer The ECL can be used for making any payment towards tax, interest, penalty, fees or any other amount payable under GST

CBIC clarifies mandatory furnishing of correct information regarding inter-state supplies & amount of ineligible / blocked Input Tax Credit (ITC) in Form GSTR-1 (statement of outward supplies) & GSTR-3B (summary return)

Clarification regarding	Background	Issue	Clarification issued
<p>Furnishing of information regarding inter-state supplies made to unregistered persons (consumers) and composition taxpayers in Form GSTR-1 & GSTR-3B</p>	<p>The process of return filing has been simplified over a period of time. Form GSTR-3B is getting auto-generated on the portal by way auto-population of liabilities from form GSTR-1.</p>	<p>It has been observed by tax department that there are still some infirmities in information being furnished by taxpayers in relation to inter-state supplies made to unregistered person, to composition taxpayers</p>	<p>Taxpayers have been advised to report place of supply (POS) wise details of inter-state supplies made to unregistered persons, composition taxpayers in Table 3.2 of Form GSTR-3B, even though the same has been furnished in Table 3.1. Accordingly, taxpayers making inter-state supplies:</p> <ul style="list-style-type: none"> To unregistered persons, shall also report the details of such supplies, POS wise in table 3.2 of Form GSTR-3B and table 7B or Table 5 or Table 9/10 of Form GSTR-1 To composition taxpayers, shall also report the details of such supplies, POS wise in Table 3.2 of Form GSTR-3B and Table 4A or 4C or Table 9 of Form GSTR-1 Shall update their customer database properly with correct state name and ensure that correct POS is declared in the tax invoice and in Table 3.2 of Form GSTR-3B while filing their return <p>It has also been advised that any amendment carried out in Form GSTR-1 should also be considered while reporting the same in Table 3.2 of Form GSTR-3B.</p>

Clarification regarding	Background	Issue	Clarification issued
<p>Furnishing of information regarding ITC availed, reversal thereof and ineligible ITC in Table 4 of Form GSTR-3B</p>	<p>The process of return filing has been simplified over a period of time. Form GSTR-3B is getting auto-generated on the portal by way of auto population of ITC from Form GSTR-2B (auto generated inward supply statement)</p>	<p>It has been observed by tax department that there appears to be lack of clarity regarding information about reversal of ITC as well as ineligible ITC in Table 4 of Form GSTR-3B</p>	<p>Taxpayers have been advised to furnish the information regarding ITC availed, reversal thereof and ineligible ITC in Table 4 of Form GSTR-3B and to follow the procedure as under:</p> <ul style="list-style-type: none"> • Total ITC (eligible as well as ineligible) is being auto-populated from Form GSTR-2B in Table 4(A) • Taxpayers will report reversal of ITC, which are absolute in nature and are not reclaimable and ineligible ITC in Table 4(B)(1) • Taxpayers will report reversal of ITC, which are not permanent in nature and can be reclaimed in future in Table 4(B)(2). Such ITC may be reclaimed in Table 4(A)(5) on fulfilment of necessary conditions. Further, all such reclaimed ITC shall also be shown in Table 4(D)(1) • Table 4(B)(2) may also be used by the taxpayer for reversal of any ITC availed in Table 4(A) in any previous tax periods because of some inadvertent mistake • Therefore, the net ITC available will be calculated in Table 4(C) which is as per the formula $(4A - [4(B)(1) + 4(B)(2)])$ and the same will be credited to the ECRL • As the details of ineligible ITC under section 17(5) are being provided in Table 4(B), no further details of such ineligible ITC will be required to be provided in Table 4(D)(1) • Accordingly, it has been clarified that the reversal of ITC of ineligible credit u/s 17(5) or any other provision is required to be made under Table 4(B) and not under Table 4(D)

For ease of understanding, the manner of reversals of ITC has been elucidated in the Illustrations given in the Circular.

Please [Click Here](#) to read Circular No. 170/02/2022-GST dated 6 July 2022 including the illustrations.

CBIC issues clarifications on issues relating to applicability of demand & penalty in respect of transactions involving fake invoices

Reportedly, a number of cases have come to notice of tax department where taxpayers have been found to be involved in issuing tax invoices, without actual supply of goods or services (*fake invoices*), in order to enable the recipients avail and utilize ITC fraudulently. Accordingly, CBIC has clarified as below regarding applicability of demand and penalty provisions in respect of such transactions involving fake invoices

Issue	Clarification
<p>Where a taxpayer 'A' has issued tax invoice to another taxpayer 'B' without any underlying supply of goods or services, whether such transaction will be covered as 'supply' under GST and whether any demand and recovery can be made from 'A' in respect of the said transaction?</p> <p>Also, whether any penal action can be taken against registered person 'A' in such case?</p>	<ul style="list-style-type: none"> Since there is only been an issue of tax invoice by the taxpayer 'A' to taxpayer 'B' without the underlying supply of goods or services, therefore, such an activity does not satisfy the criteria of 'supply' <p>As there is no supply by 'A' to 'B' in respect of such tax invoice, no tax liability arises against 'A' for the said transaction, and accordingly, no demand and recovery is required to be made against 'A' u/s 73 or 74 of CGST Act, 2017. Besides, no penal action u/s 73 or 74 is required to be taken against 'A' in respect of the said transaction</p> <ul style="list-style-type: none"> 'A' shall, however, be liable for penal action u/s 122(1)(ii) for issuing tax invoices without actual supply of goods or services
<p>Taxpayer 'A' has issued tax invoice to another taxpayer 'B' without any underlying supply of goods or services or both.</p> <p>'B' avails ITC on the basis of the said tax invoice. 'B' further issues invoice along with underlying supply of goods or services or both to his buyers and utilizes ITC availed on the basis of the above mentioned invoices issued by 'A', for payment of his tax liability in respect of his said outward supplies.</p> <p>Whether 'B' will be liable for the demand and recovery of the said ITC, along with penal action u/s 73 or 74 or any other provision of CGST Act, 2017?</p>	<ul style="list-style-type: none"> Since 'B' has availed and utilized fraudulent ITC on the basis of the said tax invoice, without receiving the goods or services or both, in contravention of the provisions of GST he shall be liable for the demand and recovery of the said ITC, along with penal action, along with applicable interest Further, if penal action for fraudulent availing or utilization of ITC is taken against 'B', no penalty for the same act, i.e. for the said fraudulent availing or utilization of ITC, can be imposed on 'B' under any other provisions of CGST Act

GST

Issue	Clarification
<p>Taxpayer 'A' has issued tax invoice to another taxpayer 'B' without any underlying supply of goods or services or both. 'B' avails ITC on the basis of the said tax invoice and further passes on the said ITC to another taxpayer 'C' by issuing invoices without underlying supply of goods or services or both. Whether 'B' will be liable for the demand and recovery and penal action?</p>	<ul style="list-style-type: none">• In this case, the ITC availed by 'B' in his ECL on the basis of tax invoice issued by 'A', without actual receipt of goods or services or both, has been utilized by 'B' for passing on of ITC by issuing tax invoice to 'C' without any underlying supply of goods or services or both• As there was no supply of goods or services or both by 'B' to 'C' in respect of the said transaction, no tax was required to be paid by 'B' in respect of the same. The ITC availed by 'B' in his ECRL on the basis of tax invoice issued by 'A', without actual receipt of goods or services or both, is ineligible• In this case, there was no supply of goods or services or both by 'B' to 'C' in respect of the said transaction and also no tax was required to be paid in respect of the said transaction. Therefore, in these specific cases, no demand and recovery of either ITC wrongly/ fraudulently availed by 'B' in such case or tax liability in respect of the said outward transaction by 'B' to 'C' is required to be made from 'B' u/s 73 or 74 of CGST Act• However, in such case, 'B' shall be liable for penal action both u/s 122(1)[(ii) and (iv)] for issue of invoices without any actual supply of goods and/or services as also for taking/ utilizing ITC without actual receipt of goods and/or services

CBIC has clarified that actual action to be taken against a person will depend upon the specific facts and circumstances of the case and provisions relating to arrest may also be involved if the situation arises.

Please [Click Here](#) to read Circular No. 171/03/2022-GST dated 6 July 2022.

GST

Inverted Duty Structure (IDS) - CBIC issues clarification regarding claiming of refund where the supplier is supplying goods under some concessional notification

What is IDS?

IDS refers to a situation where the tax rate on inputs purchased (i.e. GST rate paid on inputs received) > tax rate on outward supplies (i.e. GST rate payable on sales).

Example:

Products		GST on	
Finished Goods (Output)	Raw Materials (Input)	Finished Goods	Raw Materials
Fabric bag	Non-woven fabric	5%	12%

Refund in case of IDS

As per section 54 of CGST Act, 2017 refund of accumulated ITC is available in case of IDS. In March 2020 it was clarified by CBIC that refund on account of IDS would not be admissible in cases where the input and output supply are same.

Issue

Clarification was required with regard to eligibility of refund in cases where the supplier is required to supply goods at a lower rate under concessional benefit allowed by tax department to the buyer.

Clarification issued by CBIC

- Refund of accumulated ITC on account of IDS would be allowed in cases where accumulation of ITC is due to tax rate on outward supply being less than the tax rate on inputs (same goods) at the same point of time, due to some concessional rate notification
- Refund will not be available if the input and output supplies attract different tax rates at different points in time.

Illustration

Particulars	Scenario 1 – Refund Not Available	Scenario 2 – Refund Available
Accumulated ITC	Rs. 1,000	Rs. 1,000
Date of inward supply	20 July 2022	20 July 2022
Tax rate on inward supply	18%	18%
Date of outward supply	1 August 2022	1 August 2022
Tax rate on outward supply	5%	18%
Output tax rate due to concessional rate	-	5%

Please [Click Here](#) to read Circular No. 173/05/2022-GST dated 6 July 2022

CBIC exempts certain taxpayers from filing Form GSTR-9 [annual return by regular taxpayers including Special Economic Zone (SEZ) units & developers] for Financial Year (FY) 2021-22

[What is Form GSTR-9?](#)

Form GSTR-9 is an annual return to be filed for each FY by regular taxpayers (including SEZ units and developers) to report details of sales made, ITC claimed, GST paid, etc. during the year. The due date to file annual return for FY 2021-22 is *31 December 2022*.

[Exemption to certain taxpayers from requirement to file annual GST return](#)

CBIC on recommendations of GST Council has exempted taxpayers whose *aggregate turnover* in FY 2021-22 is up to Rs. 2 Crore from the requirement to file annual return in Form GSTR-9 for FY 2021-22.

[What is 'aggregate turnover' for this purpose?](#)

'Aggregate turnover' means the aggregate value of all taxable supplies (excluding value of inward supplies on which tax is payable by a person under reverse charge), exempt supplies, export of goods or services or both and inter state supplies of persons having the same Permanent Account Number (PAN), to be computed on all India basis.

Please [Click Here](#) to read Notification no. 10/2022 – Central Tax dated 5 July 2022.

CBIC extends due date till 31 July 2022 for furnishing Form GST CMP-08 (quarterly summary return for composition scheme taxpayers) for quarter ended June 2022

[What is Form GST CMP-08 and its due date?](#)

Form GST CMP-08 is required to be filed quarterly for declaring the summary of self-assessed tax which is payable for the quarter by taxpayers who have opted for *composition scheme*. For the quarter ended June 2022, the due date of filing Form CMP-08 was *17 July 2022*.

[What is 'composition scheme'?](#)

'Composition scheme' is a tax-paying mechanism offered to small businesses. Compared to regular GST filing, the composition scheme offers 2 main benefits i.e. reduced paperwork and compliance and lower tax liability.

[Extension of due date till 31 July 2022 for quarter ended 30 June 2022](#)

CBIC on recommendation of GST Council has extended the due date for filing said form from 17 July 2022 to *31 July 2022*.

Please [Click Here](#) to read Notification no. 11/2022 – Central Tax dated 5 July 2022.

CBIC extends date till 28 July 2022 for waiver of late fee for delay in filing of Form GSTR-4 (annual return for composition taxpayers) for FY 2021-22

[What is Form GSTR-4 and its due date?](#)

Form GSTR-4 is an annual return to be filed for each FY by taxpayers who have opted for composition scheme during the relevant FY. For FY 2021-22, the due date of filing Form GSTR-4 was 30 April 2022. In case of any delay, a late fee of Rs. 50 per day is chargeable subject to maximum of Rs. 2000.

[Waiver of late fee](#)

In May 2022 CBIC had waived the late fees till 30 June 2022 for delay in filing of Form GSTR-4 for FY 2021-22. On recommendation of the GST Council, CBIC has now extended the relaxation from 30 June 2022 to *28 July 2022*.

Please [Click Here](#) to read Notification No. 12/2022 – Central Tax dated 5 July 2022.

CBIC extends the sunset date till 30 September 2023 for issue of order related to recovery of tax for FY 2017-18

[What is recovery of tax by GST officer?](#)

As per Section 73 of Central Goods & Services Tax Act, 2017 (CGST Act, 2017), GST officer may determine the amount of demand payable by a taxpayer for tax not paid or ITC wrongly availed. The GST officer can issue the order within 3 years from the *due date for filing of annual return (in Form GSTR-4 or GSTR-9 as the case may be)*, for the FY for which the tax was not paid.

[What is the due date for filing annual return and issue of order for FY 2017-18?](#)

The due date for filing annual return for FY 2017-18 was extended to 31 January 2020 and therefore the sunset date for issue of order was *31 January 2023*.

[Extension of sunset date till 30 September 2023](#)

CBIC on recommendation of GST Council has extended the sunset date for FY 2017-18 from 31 January 2023 to *30 September 2023*.

Please [Click Here](#) to read Notification No. 13/2022 – Central Tax dated 5 July 2022.

CBIC excludes COVID period from calculation of time limitation for (a) issue of order for recovery of erroneous refund, & (b) filing of refund application by taxpayer

Time period extended for	Due date	Exclusion of COVID period
<u>Recovery of erroneous refund by GST officer</u> As per section 73 of CGST Act, 2017 GST officer may pass an order determining the amount to be recovered from a taxpayer on account of claim of erroneous refund	Due date to pass such recovery order is 3 years from the date of grant of erroneous refund	CBIC on recommendation of GST Council has excluded the period from 1 March 2020 to 28 February 2022 for computation of such time period
<u>Filing of refund application by taxpayer</u> As per section 54 of CGST Act, 2017 a taxpayer claiming GST refund may make an application for refund with the GST authorities.	Due date for filing refund application is 2 years from the 'relevant date'. 'Relevant date' for each type of GST refund (such as export of goods, deemed export, export of services, inverted duty structure etc.) has been prescribed in the law.	

Please [Click Here](#) to read Notification No. 13/2022-Central Tax dated 5 July 2022

CBIC amends CGST Rules, 2017 to streamline compliances under GST

CBIC on recommendation of GST Council has amended certain CGST Rules in order to ensure streamlining of compliances under GST. The key amendments made are as below.

Amendment regarding	Background	Existing regulation	Amendment
Deemed revocation of suspension of registration	As per section 29 of CGST Act, 2017 GST officer may cancel registration of a taxpayer where he has not filed the GST returns for beyond 3 months	If the taxpayer files all the pending GST returns, still the taxpayer has to approach the GST officer for revocation of suspension	CBIC has inserted new proviso relating to deemed revocation which states that where the registration has been suspended due to non-filing of GST Returns, the suspension of registration shall be deemed to be revoked upon filing of all pending GST returns

GST

Amendment regarding	Background	Existing regulation	Amendment
Declaration for non-applicability of e-Invoice	As per Rule 48 of CGST Rules, 2017 certain notified classes of taxpayers are required to prepare e-invoice if their aggregate turnover in any FY from 2017-18 onwards exceeds Rs. 20 crore (except certain taxpayers like insurance companies, banking companies, goods transport agency etc.)	For taxpayers who are exempt from requirement to issue e-Invoice, there was no requirement to give any declaration regarding such exemption in the tax invoice	<p>A taxpayer who is exempt from issuing e-invoice must mention the following declaration on the tax invoice.</p> <p>'I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub-rule II'</p>
Manner of calculating interest on delayed payment of tax due to non-payment / short payment	Interest @ 18% per annum is applicable on delay in payment of tax liability	No clarification was available relating to amount and period of tax to be considered for calculation	<p>In case of delay in filing of return, interest will be levied only on the net tax liability which is being paid by debiting the ECL unless such return is being filed after proceedings initiated by tax department</p> <ul style="list-style-type: none"> In all other cases, where the taxpayer fails to pay the tax, the interest will be levied on the amount of tax which remains unpaid for the period starting from the due date for payment of such tax till the date of actual payment
Manner of calculating interest where ITC has been wrongly availed and utilized	The interest rate is 24% per annum where ITC has been wrongly availed and utilized	No clarification was available relating to amount of ITC and period to be considered for calculation	<ul style="list-style-type: none"> Interest shall be calculated on the amount of ITC wrongly availed and utilized for the period starting from the date of utilization till the date of reversal of such ITC or the date of actual payment ITC wrongly availed shall be deemed to have been utilized, when balance in ECRL falls below the amount of ITC wrongly availed Where the ITC wrongly availed in the return, the date of utilization shall be considered as earlier of the 'due date of filing the return or the actual date of filing of return'. In all other cases, the date of utilization shall be considered as the date of debit in ECRL

Amendment regarding	Background	Existing regulation	Amendment
Form GSTR-3B (summary return)	Form GSTR-3B is a self-declared summary return required to be filed by every regular taxpayer to report sales, ITC claimed and net tax payable	All regular taxpayers are required to report the figure of sales irrespective of supply made through ECO or through other platform in the common table of Form GSTR-3B	New Table 3.1.1 which includes taxable supplies on which ECO pays tax and supplies of specified services made through ECO has been inserted. * Please refer below for screenshot
Form GSTR-9 (annual return by regular taxpayers)	Form GSTR-9 is an annual return to be filed for each FY by the regular taxpayers to report details of sales made, ITC claimed, GST paid, etc. during the year	All regular taxpayers have an option to report consolidated figure for exempted, nil rated and non GST supplies in table 5D of Form GSTR-9 Heading of Part-V of form GSTR-9 is 'Particulars of the transactions for the FY declared in returns of the next financial year till the specified period' Taxpayers have an option to report HSN code wise sales summary in Table 17 of Form GSTR-9	Regular taxpayers are required to report non GST supplies in table 5F separately and can report consolidated figure of exempted and nil rated supplies in table 5D The heading shall be replaced as 'Particulars of transactions for the previous FY but paid in the Form GSTR-3B between April 2022 to September 2022' From FY 2021-22 onwards, it shall be mandatory for regular taxpayers to report HSN code as below: <ul style="list-style-type: none"> • 6 digits, if annual turnover in previous FY > Rs, 5 crore • 4 digits, if annual turnover in previous FY ≤ Rs, 5 crore
Date of application of refund in case of mismatch with Shipping Bill	As per Rule 96 of CGST Rules, 2017, the shipping bill filed by a taxpayer shall be deemed to be an application for refund and such application shall be deemed to be filed only when the taxpayer has furnished a valid return in Form GSTR-1 and Form GSTR-3B	When there is any mismatch between the data furnished by the taxpayer in shipping bill and Form GSTR-1 and the taxpayer has rectified such mismatch in the next return period, in this case, no clarification was available relating to consideration of date of application of refund	In case of such rectification, the date on which such rectification is done by the taxpayer shall be deemed to be the date of application of refund

GST

Nature of Supplies	Total Taxable value	Integrated Tax	Central Tax	State/UT Tax	Cess
1	2	3	4	5	6
(i) Taxable supplies on which electronic commerce operator pays tax under sub-section (5) of section 9 [to be furnished by the electronic commerce operator]					
(ii) Taxable supplies made by the registered person through electronic commerce operator, on which electronic commerce operator is required to pay tax under sub-section (5) of section 9 [to be furnished by the registered person making supplies through electronic commerce operator].”;					

Please [Click Here](#) to read Notification No. 14/2022-Central Tax dated 5 July 2022.

Levy of GST compensation cess extended till 31 March 2026

Currently, compensation cess is collected on supply of select goods and or services (such as coal, pan masala, aerated waters, cars, etc.) *to compensate the states* for any revenue loss on account of implementation of GST.

Going forward, Government wants to utilize the same for the purpose of repayment of borrowings and debt servicing. So, Government has extended the levy of compensation cess till 31 March 2026.

Please [Click Here](#) to read Notification No. 1/2022 – Compensation Cess dated 24 June 2022.



Direct Tax



Direct Tax

Application & allotment of Permanent Account No. (PAN) for newly incorporated Limited Liability Partnerships (LLPs) - Central Board of Direct Taxes (CBDT) prescribes procedure through e-form FiLLiP of Ministry of Corporate Affairs (MCA)

FiLLiP is an e-form that facilitates services like name reservation, incorporation of new LLP and allotment of Designated Partner Identification No. (DPIN) on the portal of MCA. CBDT has prescribed the following procedure for application and allotment of PAN for newly incorporated LLPs.

- Application for allotment of PAN to be filed in Form FiLLiP using digital signature of the applicant
- After generation of Limited Liability Partnership Identification Number (LLPIN), MCA will forward the data in Form 49A to the Income-tax authority

Please [Click Here](#) to read Notification no. 4 / 2022 dated 26 July 2022.

CBDT condones delay in filing of Forms 9A, 10, 10B, 10BB (audit reports for claiming tax exemption by certain institutions) for Assessment Year (AY) 2018-19 onwards

CBDT has issued Circulars nos. 15, 16, and 17 dated 19 July 2022 to extend the powers of Principal Chief Commissioner of Income-tax (Pr. CCIT) / Chief Commissioner of Income-tax (CCIT) to condone delay in filing of Forms 9A, 10, 10B and 10BB, where the period of delay is between 365 days upto 3 years, for AY 2018-19 and subsequent years, as below.



Direct Tax

Years	Period of Delay	Form 10BB		Form 10B	
		Who is authorized to admit application for condonation of delay	Reference to CBDT Circular	Who is authorized to admit application for condonation of delay	Reference to CBDT Circular
Prior to AY 2018-19	All cases of delay	CIT. He should satisfy himself that the applicant was prevented by reasonable cause from filing the form within due date	As per earlier Circular no. 19 dated 3 Nov 2020.	-	-
AY 2018-19 or subsequent year	Upto 365 days	CIT. He is authorized to admit the application and decide on merits		CIT. He is authorized to admit the application and decide on merits	As per earlier Circulars nos. 2 and 3 dated 3 Jan 2020.
	More than 365 days but less than 3 years	Pr. CCIT / CCIT. He is authorized to admit the application and decide on merits. He should satisfy himself that the applicant was prevented by reasonable cause from filing the form within due date	Please Click Here to read the Circular No. 15 / 2022 dated 19 July 2022.	Pr. CCIT / CCIT. He is authorized to admit the application and decide on merits. He should satisfy himself that the applicant was prevented by reasonable cause from filing the form within due date The Pr. CCIT / CCIT should try to dispose the application within 3 months of receiving the same.	Please Click Here to read the Circular No. 16 / 2022 dated 19 July 2022. Please Click Here to read the Circular No. 17 / 2022 dated 19 July 2022.

Direct Tax

E-filing portal enables electronic filing of statutory forms

The following forms are / will be available for submission on the e-filing portal shortly.

Form	Description
3CEF	Annual compliance report on Advance Pricing Agreement (APA)
10F	Information to be provided for being entitled to beneficial tax rates under DTAA
10IA	Certificate of the medical authority for certifying 'person with disability', 'severe disability', 'autism', 'cerebral palsy' and 'multiple disability' for purposes of section 80DD and section 80U
3BB	Monthly statement to be furnished by a Stock Exchange in respect of transactions in which client codes have been modified after registering in the system
3BC	Monthly statement to be furnished by a Recognized Association in respect of transactions in which client codes have been modified after registering in the system
10BC	Audit report under rule 17CA(1) in the case of an electoral trust
10FC	Authorization for claiming deduction in respect of any payment made to any financial institution located in a notified jurisdictional area
28A	Intimation to Assessing Officer u/s 210(5) regarding notice of demand u/s 156 for payment of advance tax
27C	Declaration u/s 206C(1A) to be made by a buyer for obtaining goods without collection of tax
58D	Report to be submitted by a public sector company, local authority or an approved association or institution u/s 35AC(5)(ii) to the National Committee on a notified eligible project or scheme
58C	Report to be submitted u/s 35AC(4)(ii) to the National committee by an approved association or institution
68	Form of application u/s 270AA(2) for grant of immunity from imposition of penalty u/s 270A and from initiation of proceedings u/s 276C or 276CC

Please [Click Here](#) to read the Notification no. 3 of 2022 dated 16th July 2022.

Direct Tax

Tax neutral relocation to International Financial Services Centre (IFSC) u/s 47(viiad) - CBDT prescribes condition to be fulfilled by original fund to claim tax exemption

Background

To encourage setting up of businesses in International Financial Services Centre (IFSC), Government has been offering various tax benefits. The 1st IFSC in India has been set up at the Gujarat International Finance Tec-City (GIFT City) in Gandhinagar, Gujarat.

One of the tax benefits offered by the Government in last year's (2021) union budget was tax-neutralization of relocation to IFSC. The Finance Act, 2021 inserted clauses (viiac) and (viiad) to section 47 in the Income-tax Act as below.

- Section 47(viiac) provides that any transfer of capital asset by the 'original fund' to the 'resultant fund' at the time of relocation of an entity to IFSC shall not be considered as a taxable transfer for the purpose of capital gains
- Similarly, section 47(viiad) provides that any transfer by a shareholder / unitholder / interest holder of a capital asset being a share / unit / interest held by him in the 'original fund', in consideration for the share / unit / interest in the 'resultant fund' shall not be considered as a taxable transfer

'Original Fund' has been defined to mean a fund established outside India, which collects funds from its members for investing for their benefit and fulfills prescribed conditions.

Notification no.46 dated 27 April 2022

One of the prescribed conditions is that the original fund must be resident of a country with which India has entered into Double Taxation Avoidance Agreement (DTAA) or such other country as may be notified by the Central Government in this regard. In this regard, CBDT has notified a total of 150 countries in which the 'original fund' should be resident to claim the above tax relief.

New Rule 21AL inserted in the Income-tax Rules, 1962

CBDT has inserted new Rule 21AL in the Income-tax Rules. As per the new rule, in a case where a capital asset is transferred to a resultant fund being a Category III Alternative Investment Fund (AIF), the original fund shall be required to fulfil the condition that the aggregate investment in the original fund by persons resident in India *shall not exceed 5% of the corpus* of such fund at the time of such transfer.

Please [Click Here](#) to read the Notification no. 80 / 2022 dated 8th July 2022.

Direct Tax

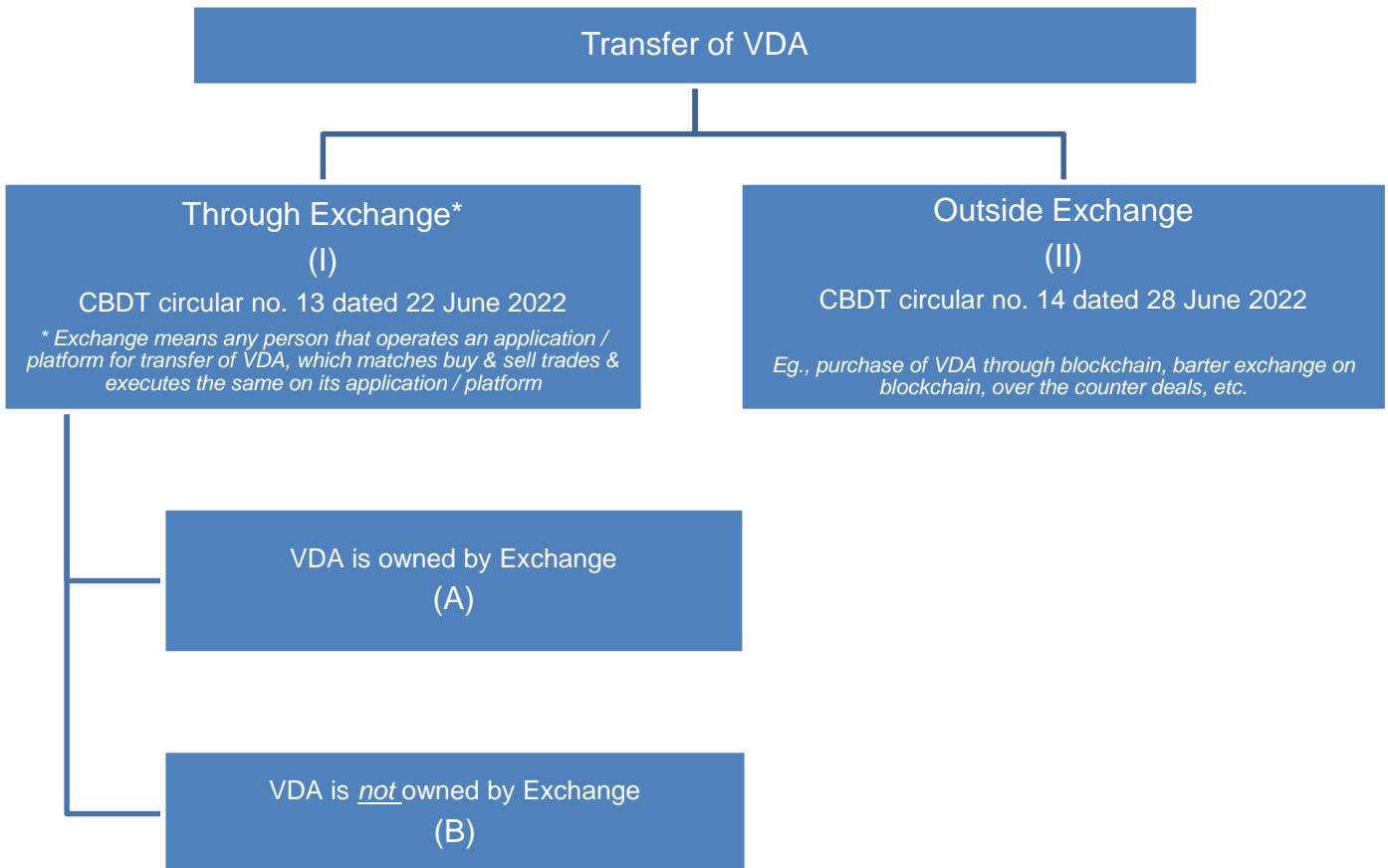
Tax withholding (TDS) on transfer of Virtual Digital Assets (VDA) / Cryptocurrency –CBDT issues guidelines

Background

Finance Act, 2022 has introduced taxation on transfer of VDA. Correspondingly, a new provision (section 194S) has been inserted in the Income-tax Act to introduce withholding tax @ 1% with effect from 1 July 2022 onwards on payment for transfer of VDA to a resident in India, subject to certain threshold limit of course.

Last month, CBDT issued Notification no. 67 prescribing details regarding time-limit to deposit the above withholding tax, form and manner of filing withholding tax return and issue of tax deducted at source (TDS) certificate to deductee.

Given that TDS on VDA applies from 1 July 2022 onwards and the voluminous transactions undertaken on blockchains and crypto-exchanges, CBDT has come up with various clarifications regarding TDS u/s 194S vide circulars issued in this month.



Direct Tax

Who is required to withhold TDS where transfer of VDA between buyer and seller is routed through Exchange AND consideration is not in kind

Sr. No.	Situation	Payment made by / to	Who is required to withhold TDS	Remarks
a	<ul style="list-style-type: none"> I - Transfer of VDA is on or through Exchange B – VDA is owned by person other than Exchange Payment cycle: Buyer to Exchange. Exchange to Seller 	<ul style="list-style-type: none"> Payment made by Exchange directly to seller without involving Broker * <p>(*Broker' means a person that operates an application / platform for transfer of VDAs and holds brokerage account with Exchange for execution of such trade)</p> <p>OR</p> <ul style="list-style-type: none"> Where Broker itself owns and sells VDA 	Exchange	-
		<ul style="list-style-type: none"> Payment to seller (other than Broker) and payment between Exchange and seller is routed through a Broker 	Both Exchange and broker	<p>A written agreement should be executed between Exchange and Broker, based on which Broker shall withhold TDS. Then broker alone may do TDS on VDA.</p> <p>The Exchange is required to file quarterly TDS return in the prescribed format</p>
b	<ul style="list-style-type: none"> I - Transfer of VDA is on or through Exchange A – VDA is owned by the Exchange 	Payment made by buyer to the Exchange	Buyer OR Exchange (with additional compliances)	<p>Buyer may not be aware that the Exchange is the owner of VDA. Clarification has been provided to remove genuine doubt of buyer</p> <p>Primary responsibility to withhold TDS remains with buyer</p> <p>Alternative provided by the Circular:</p> <ul style="list-style-type: none"> A written agreement should be executed between Exchange and Buyer, based on which Exchange shall withhold and deposit the TDS Exchange is required to file quarterly TDS return and also its return of income for such transactions Where the above compliances are duly undertaken by the Exchange, buyer shall not be regarded as being in default

Direct Tax

TDS mechanism where transfer of VDA takes place through Exchange AND consideration is in kind (or in exchange for another VDA)

Where consideration is in kind OR VDA is exchanged in lieu of VDA	Clarification to remove practical difficulty where said transaction is through Exchange	Mechanism to convert TDS into Rupees (Rs.)
<ul style="list-style-type: none"> • Say, VDA 'A' is exchanged for VDA 'B' • In such case, both the persons owning 'A' and 'B' would be the buyer and seller for each VDA • Hence, both need to pay TDS with respect to the transfer of VDA and furnish evidence to each other so that VDAs can then be exchanged • Such transactions are required to be reported in the prescribed manner 	<ul style="list-style-type: none"> • Exchange may undertake TDS on VDA based on written agreement with buyer / seller • Exchange would be required to withhold TDS for both legs of the transactions and undertake related compliances. Buyer and seller would not be independently required to withhold TDS on VDA in such a situation 	<ul style="list-style-type: none"> • Where the Exchange opts for TDS on VDA, there is a possibility that the TDS on VDA is undertaken in kind and needs to be converted into Rs. before it can be deposited with the Government. To facilitate the monetization of TDS in kind, a detailed mechanism to be adopted by the Exchange has been prescribed in the circular (not produced here due to brevity) • The Exchange is required to email contract notes to customers informing TDS on VDA withheld in kind and its equivalent Rs. value which is realized • The Circular clarifies that no further TDS shall be applicable for converting tax held in form of VDA into Rs. or from one VDA to another VDA and thereafter into Rs.



Direct Tax

Who is required to withhold TDS where transfer of VDA between buyer and seller is routed outside Exchange AND consideration is not in kind

The Buyer

Other principles enunciated by CBDT

If tax deducted u/s 194S as transfer of VDA, no tax is required to be deducted u/s 194Q on purchase of goods

- Industry had sought clarification on applicability of general provision of TDS on purchase of goods u/s 194Q of the Act to transaction of transfer of VDA
- CBDT has clarified that if tax is deducted u/s 194S, no tax is required to be deducted u/s 194Q, i.e., specific rule overrides general rule.

Consideration on transfer of VDA to be undertaken on 'net' basis after reducing GST / charges

- An issue arose as to whether tax is required to be withheld on gross consideration including GST / commission or 'net' basis
- CBDT has clarified that TDS is required to be withheld on 'net' basis (after excluding GST / charges levied by deductor for rendering services)
- In line with earlier position on similar matter

Relief to payment gateways involved in transaction of VDA

- Where transaction is undertaken between buyer and seller, but the payment is carried out through payment gateway
- In such case, both buyer and payment gateway may be required to undertake withholding obligation resulting in duplication
- Thus, it has been clarified that payment gateways will not be required to deduct tax if tax is already withheld by person responsible for paying to the seller

Notification nos. 74 and 75 (dated 30 June 2022) issued by CBDT

Notification No. 74 excludes certain items like gift cards, mileage points, web subscriptions etc. from the scope of VDA. Notification No. 75 notifies 'token' which meets the definition of VDA as non-fungible token (NFT) but excludes NFTs representing ownership of underlying tangible assets from the scope of definition of VDA. Thus, taxpayers need to consider the scope of VDA in light of these 2 notifications to determine the tax implications under the new regime on transfer of VDAs.

Please [Click Here](#) to read the Circular No. 13 / 2022 dated 22nd June 2022 – TDS on transfer of VDA through Exchange.

Please [Click Here](#) to read the Circular No. 14 / 2022 dated 28th June 2022 - TDS on transfer of VDA outside Exchange.

Please [Click Here](#) to read the Notification No. 74 /2022 dated 30th June 2022 – Exclusions from definition of 'VDA'.

Please [Click Here](#) to read the Notification No. 75 /2022 dated 30th June 2022 – Tokens covered under definition of VDA.

Direct Tax

Securities Transaction Tax (STT) - CBDT notifies format, procedure & guidelines for submission of annual returns in Forms 1, 2 & 2A by stock exchange, mutual fund, insurance company & merchant banker

Background

STT returns are annual returns required to be furnished on or before 30 June immediately following the FY in which such STT is collected. The following persons are required to file the return.

- Recognized stock exchange
- Prescribed person in case of mutual fund or insurance company
- Lead merchant banker in the case of an initial public offer

CBDT's Notification no. 9 dated 18 January 2022

A new class of person i.e. Insurance Company was made responsible for collection and payment of STT. New Form 2A was introduced to be filed by insurance company for furnishing STT return. The Director General of Income Tax (Systems) was empowered to specify the necessary procedures, formats and standards.

CBDT's Notification no. 2 dated 24 June 2022

CBDT has explained the following by way of Annexures in relating to filing of annual STT returns by 30 June of every year.

Annexure	Details	Who is required to submit
A	Request of creation of SFTP user for filing of STT return	All eligible reporting institutions having obligation to submit STT return have been asked to submit the registration information to the email id stt.reporting@insight.gov.in
B	STT return formats	<ul style="list-style-type: none">• Form 1 – Recognized stock exchanges• Form 2 – Mutual funds• Form 2A – Insurance company
C	Data structure rules	The information in Forms 1, 2, 2A that is required to be uploaded by way of a data file

Please [Click Here](#) to read the Notification no. 2 of 2022 dated 24th June 2022 to view the detailed formats and other requirements.

International Tax



International Tax

Transfer Pricing - CBDT notifies tolerance limit for computing arm's length price for AY 2022-23

The Income-tax Act 1961 allows the Government to prescribe the 'tolerance limit' every year for variation between the arm's length price computed u/s 92C of the Act and the actual price at which an international transaction or specified domestic transaction between associated enterprises takes place. The tolerance limit is prescribed as a factor of percentage of actual price and if the actual price falls within the said limit, then the actual price is considered acceptable for transfer pricing purposes.

For AY 2022-23, Government has prescribed following tolerance limit:

- 1% of the actual transaction price in respect of wholesale trading*, and
- 3% of the actual transaction price in all other cases

In other words, if for AY 2022-23 the variation between the arm's length price computed under the Act and the actual price at which transaction occurs, does not exceed the above variation, the actual price will be acceptable for transfer pricing cases. It is worthwhile to note that for the last 3 years (AY 2019-20, 2020-21, 2021-22), Government has prescribed the same tolerance limit for transfer pricing purposes.

* *'Wholesale trading' for this purpose has been defined to mean an international transaction or specified domestic transaction of trading in goods, which fulfils the following conditions, namely*

- *Purchase cost of finished goods is 80% or more of the total cost pertaining to such trading activities, and*
- *Average monthly closing inventory of such goods is 10% or less of sales pertaining to such trading activities*

Please [Click Here](#) to read the Notification No. 70 / 2022 dated 28th June 2022.

Company Law



Company Law

Expenditure of funds under 'Har Ghar Tiranga' campaign shall be an eligible Corporate Social Responsibility (CSR) activity

'Har Ghar Tiranga', a campaign launched by the Government of India under the aegis of 'Azadi Ka Amrit Mahotsav' celebrating 75 years of India's independence, is aimed to invoke the feeling of patriotism in people and to promote awareness about the Indian National Flag.

In this regard, MCA vide circular dated 26 July 2022 has clarified that spending of funds for the activities related to the 'Har Ghar Tiranga' campaign, such as the below, shall be an eligible CSR activity on promotion of education relating to Indian culture under Schedule VII of the Companies Act, 2013.

- Mass scale production and supply of the National Flag;
- Outreach and amplification efforts; and
- Other related activities

Please [Click Here](#) to read the Circular dated 26 July 2022.

MCA to launch 1st set of company e-forms on its Version 3 (V3) online portal from 31 August 2022 onwards

MCA vide notice dated 15 July 2022 has notified launching of its first set of company e-forms on its V3 online portal from 31 August 2022 onwards. Following e-forms shall be rolled out in the 1st phase:

- DIR3-KYC Web & DIR3-KYC (Director KYC related forms);
- DPT-3 & DPT-4 (return of deposits); and
- CHG-1, CHG-4, CHG-6, CHG-8 & CHG-9 (charge creation, modification & satisfaction related forms)

To facilitate implementation of these e-forms on the V3 MCA portal, industry has been advised to take note of the following:

- Company e-filings on the version-2 (V2) MCA portal will be disabled from 15 August 2022 at 12:00 AM (Indian time) for the above mentioned 9 e-forms;
- Stakeholders to ensure that there are no Service Request No (SRN) with respect to the said 9 e-forms under 'pending payment' & 'resubmission' status as on 15 August 2022;
- Offline payments for the above 9 e-forms on the V2 MCA portal would be disabled from 7 August 2022 at 12:00 AM (Indian time) and only online mode of payments such as credit / debit card and net banking shall be allowed

Company Law

Insolvency & Bankruptcy Code (IBC), 2016 - Insolvency Professionals (IPs) mandatorily required to disclose their relationship with engaging parties to Insolvency Professional Agency (IPA)

Insolvency & Bankruptcy Board of India (IBBI) vide notification dated 4 July 2022 has made it mandatory for IPs appointed as Liquidators under the IBC, to disclose their 'Relationship' with the engaging parties to the IPA of which the IP is a member.

IP's relationship with following engaging parties	Disclosure to be made to IPA within 3 days of
Corporate Debtor	IP's appointment
Registered valuers / Accountants / Legal Professionals / other Professionals appointed by the IP	Appointment of these Professionals
Financial Creditors	Constitution of Committee of Creditors
Interim Finance Providers	Agreement with the Interim Finance Provider
Prospective Resolution Applicants	Supply of information memorandum by IP to the Prospective Resolution Applicant
If relationship with any of the above parties comes to notice or arises subsequently	Arising of such notice

Situations which lead to constitution of 'Relationship' for this purpose

- Where the IP or the other professional has derived 5% or more of his / its gross revenue in a year from professional services to the related party
- Where the IP or the other professional is a shareholder, director, key managerial personnel or partner of the related party
- Where a relative (spouse, parents, parents of spouse, sibling of self and spouse, and children) of the IP or other professional has a relationship of either of above 2 kinds with the related party
- Where the IP or other professional is a partner or director of a company, firm or LLP, such as, an IP entity or registered valuer, the relationship of above 3 kinds of every partner or director of such company, firm or LLP with the related party

Company Law

Responsibilities to be undertaken by IP during discharge of his duties as Liquidator under IBC

- Ensure timely and correct disclosures made by him to the IPA of which he is a member
- Provide a confirmation to the IPA that the appointment, if any, of every other Professional has been made at arms' length relationship
- IP shall be duty-bound to raise bills or invoices in his name towards his fees and such fees shall be paid to him through a banking channel
- IP shall while undertaking assignments or conducting processes, exercise reasonable care and diligence and take all necessary steps to ensure that the company under liquidation complies with all the applicable laws

Please [Click Here](#) to read the Notification dated 4 July 2022.

Extension of waiver of late filing fees on annual return to be filed by Limited Liability Partnerships (LLPs) till 15 July 2022

In view of the transition from version-2 to version-3 of MCA's online portal for all LLP related filings, MCA had previously waived the late filing fee for delay in filing annual return of LLPs in Form 11 for FY 2021-22 till *30 June 2022*. Vide circular dated 29 June 2022, MCA has again extended the said waiver till *15 July 2022*.

Please [Click Here](#) to read the Circular dated 29 June 2022.



The image features a blurred map of India in the upper half, set against a light background. In the lower half, the top edge of a light-colored wooden table is visible. Centered in the middle of the image is the text 'Reserve Bank of India' in a bold, teal font, with '(RBI)' in a slightly smaller, bold, teal font directly below it.

Reserve Bank of India

(RBI)

Introduction of International Trade Settlement in Indian Rupees (INR)

To promote growth of international trade with emphasis on exports from India and to support the increasing interest of global trading community in INR, in a landmark move RBI has introduced the arrangement for invoicing, payment and settlement of exports and imports in INR.

However, before implementing this mechanism, Authorized Dealer (AD) banks in India shall require prior approval from RBI central office at Mumbai.

Particulars	Framework for International Trade settlement in INR
Invoicing	All exports and imports under this arrangement may be denominated and invoiced in INR
Exchange Rate	Exchange rate between the currencies of the 2 trading partner countries may be market determined
Settlement	<ul style="list-style-type: none">• The settlement of trade transactions under this arrangement shall take place in INR;• For settlement of trade transactions with any other trading country, AD Bank in India may open 'Special Rupee Vostro Account' of the correspondent foreign Banks of the other trading country;• All the import and export transactions shall be settled using this 'Special Rupee Vostro Account' maintained by the Indian AD Bank
Documentation required	Documents required by the AD bank to allow settlement of International Trade in INR shall be Letter of Credit (LC) and other trade related documentation as may be decided mutually between the banks of the importer and exporter trading countries under the overall framework of Uniform Customs & Practice for Documentary Credits (UCPDC) and Incoterms
Advance against exports	<ul style="list-style-type: none">• Indian exporters may receive advance payment against exports from overseas importers in IN• Before allowing any such receipt of advance payment against exports, Indian AD banks shall ensure that available funds are first used towards payment obligations arising out of already executed export orders / export payments
Set-off of export receivables against import payables	Set-off of export receivables against import payables in respect of the same overseas buyer and supplier may also be allowed under this mechanism, subject to fulfilment of conditions mentioned under RBI Master Direction on Export of Goods and Services
Approval process	<ul style="list-style-type: none">• Foreign bank of the trading country may approach the AD Bank in India for opening of Special Rupee Vostro Account• AD bank will further seek approval from RBI with details of the arrangement for opening the said account• AD bank maintaining the Special Rupee Vostro Account shall ensure that the correspondent foreign bank is not from a country or jurisdiction enlisted in the Public Statement of Financial Action Task Force (FATF) against which FATF has called for counter measures

The image features a blurred world map in the upper half, showing the outlines of continents in a light grey tone against a white background. In the lower half, the top edge of a light-colored wooden table is visible, showing its grain and rounded corners. The text is centered in the middle of the page.

Securities Exchange Board of India ('SEBI')

Stock Exchanges & Depositories required to design & implement in-house web-based investor complaints redressal system

SEBI has designed and implemented an online platform 'SEBI Complaint Redress System' (SCORES) to help investors lodge their complaints pertaining to the securities market against Listed companies and SEBI registered Intermediaries.

In line with the same, to enable investors to lodge and follow up on their complaints and track the status of redressal of such complaints, SEBI vide circular dated 4 July 2022 has laid down the following:

- All the Recognized Stock Exchanges including Commodity Derivatives Exchanges and Depositories are required to design and implement an in-house online web-based complaints redressal system of their own;
- This will facilitate investors to file complaints and escalate complaints for redressal through Grievance Redressal Committee (GRC), Arbitration & Appellate Arbitration;
- The said web-based complaints redressal system shall be implemented by January 2023;
- The complaints redressal system is intended to expedite redressal / disposal of investors' complaints as it would also eliminate the need for physical movement of complaints. Further, the possibility of loss, damage or misdirection of the physical complaints would also be avoided;
- All the Recognized Stock Exchanges including Commodity Derivatives Exchanges and Depositories are advised to widely publicise (including in media) its online web-based complaints redressal system;
- All the Stock Exchanges shall continue with the hybrid mode (i.e., online & offline) of conducting the GRC, arbitration and appellate arbitration process

Please [Click Here](#) to read Circular dated 4 July 2022.

Compliance Calendar

Compliance calendar for the month of August 2022

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7 th August	July 2022	TDC/TCS deposit	Non-Government Deductors
		Equalization Levy deposit	All Deductors
10 th August		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 August		GSTR-1 (Outward supply return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2021-22 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2021-22 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13 th August		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 2021-22 and opted for QRMP scheme
15 th August		Deposit of PF & ESI contribution	All Deductors
		April – June 2022	Issue of TDS Certificate (other than salary)
20 th August	July 2022	GSTR-3B (Summary return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2021-22 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2021-22 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
		a) GSTR-5 (Return by Non-resident) b) GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return].	a) Non-resident taxable person b) OIDAR services provider
25 th August		Form GST PMT-06 (Payment of tax for QRMP filers)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2021-22 and opted for QRMP scheme

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, CII and TiE Delhi

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