

# KrayMan<sup>®</sup>

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# TAX EDGE

Monthly Tax & Regulatory  
Updates



Tax



Regulatory

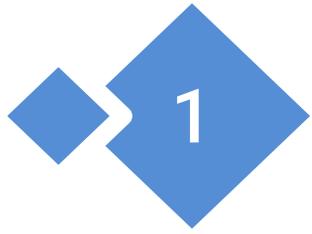


Assurance

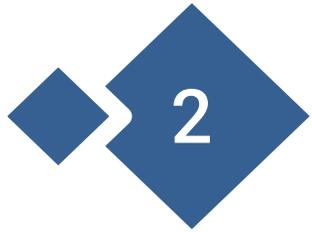
March 2024

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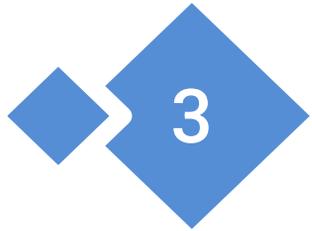
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**Goods & Services Tax ('GST')**



**Direct Tax**



**International Tax**



**Corporate Law & Regulatory**



**Compliance Calendar**



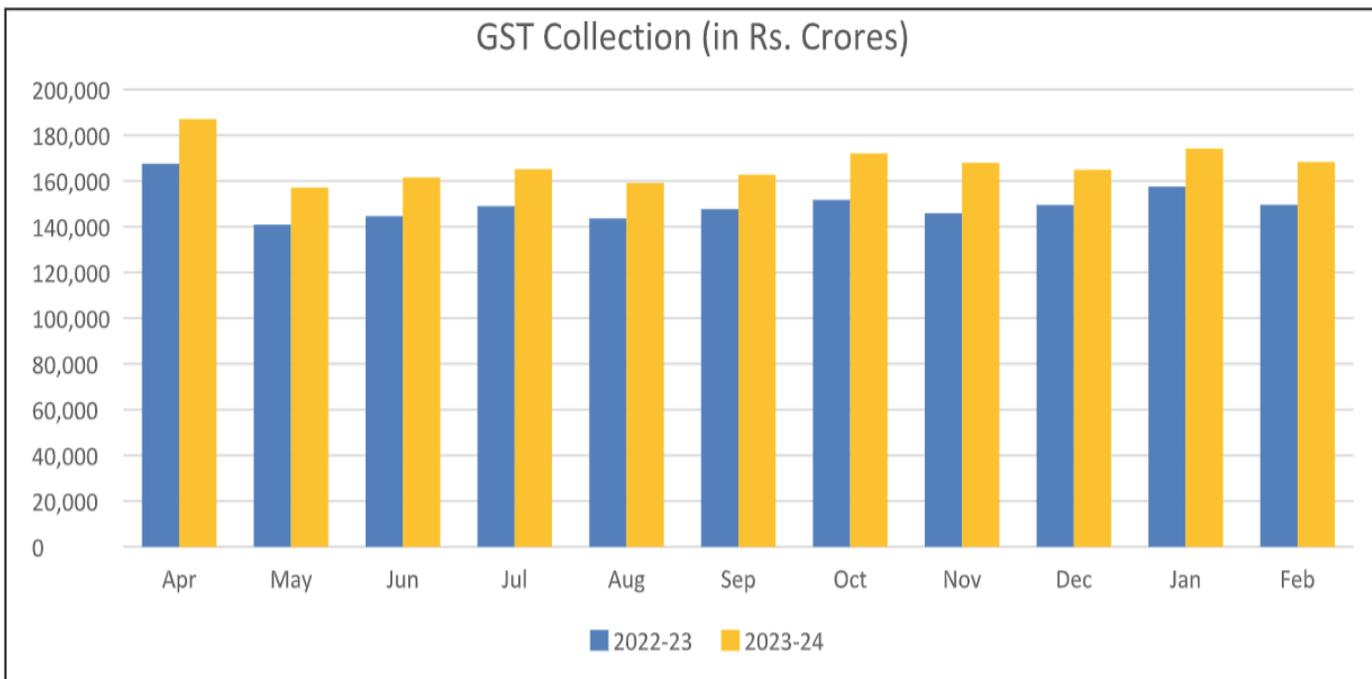
# **Goods & Services Tax ('GST')**

## GST revenue collection for February 2024 Rs. 1,68,337 Crore (12.50% higher than GST revenue in February 2023)

The gross GST revenue collected in the month of February 2024 is Rs 1,68,337 Ccrore as below:

IGST (Integrated Goods and Services Tax)	Rs. 84,098 Crore
CGST (Central Goods and Services Tax)	Rs. 31,785 Crore
SGST (State Goods and Services Tax)	Rs. 39,615 Crore
Compensation cess	Rs. 12,839 Crore
<b>Total</b>	<b>Rs. 1,68,337 Crore</b>

The revenues for the month of February 2024 are 12.50% higher than the GST revenues in the same month last year. This growth was driven by a 13.9% rise in GST from domestic transactions and 8.5% increase in GST from import of goods.



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

## **GST Network (GSTN) issues advisory on Form GSTR-1 (Outward supply return) / Invoice Furnishing Facility (IFF) - Introduction of new tables 14A & 15A**

### **Background**

As per Notification no. 26/2022 – Central Tax (CT) dated 26 December 2022, 2 new Tables 14A and 15A were introduced in Form GSTR-1 to capture the details of amendments to supplies made through E-Commerce Operators (ECO) on which ECOs are liable to collect tax u/s 52 or liable to pay tax u/s 9(5) of the CGST Act, 2017. These tables have now been made live on the GST portal and will be available in Form GSTR-1 / IFF from tax period February 2024 onwards. These amendment tables are relevant for those taxpayers who have reported the supplies in Table 14 or Table 15 in earlier tax periods.

### **Table 14A – Amended supplies made through ECO in Form GSTR-1**

In this table, the supplier can amend the detail of original supplies that he has already reported in original table 14 under below 2 sections in earlier return periods.

- 14(a) liable to collect tax u/s 52 (TCS)
- 14(b) liable to pay tax u/s 9(5)

### **Table 15A – Amended supplies u/s 9(5) in Form GSTR-1 / IFF**

In this table, the ECO can amend the detail of original supplies that he has already reported in table 15 originally under following 4 sections in earlier return periods.

- Registered Supplier and Registered Recipient (B2B)
- Registered Supplier and Unregistered Recipient (B2C)
- Unregistered Supplier and Registered Recipient (URP2B)
- Unregistered Supplier and Unregistered Recipient (URP2C)

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Dashboard > Returns > GSTR-1/IFF English

## GSTR-1 - Details of outward supplies of goods or services

GSTIN - 24MAYAS0100J1Z6  
FY - 2023-24

Legal Name - Skylark Printings  
Tax Period - March

Trade Name - GSTN  
Status - Not Filed

Indicates Mandatory Fields  
Due Date - 31/05/2024

File Nil GSTR-1

ADD RECORD DETAILS ▼

AMEND RECORD DETAILS ▲

<p style="background-color: #003366; color: white; padding: 2px;">9A - Amended B2B Invoices</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>	<p style="background-color: #003366; color: white; padding: 2px;">9A - Amended B2C (Large) Invoices</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>	<p style="background-color: #003366; color: white; padding: 2px;">9A - Amended Exports Invoices</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>	<p style="background-color: #003366; color: white; padding: 2px;">9C - Amended Credit/Debit Notes (Registered)</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>
<p style="background-color: #003366; color: white; padding: 2px;">9C - Amended Credit/Debit Notes (Unregistered)</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>	<p style="background-color: #003366; color: white; padding: 2px;">10 - Amended B2C(Others)</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>	<p style="background-color: #003366; color: white; padding: 2px;">11A - Amended Tax Liability (Advances Received)</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>	<p style="background-color: #003366; color: white; padding: 2px;">11B - Amendment of Adjustment of Advances</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>
<p style="background-color: #003366; color: white; padding: 2px;">14A - Amended Supplies made through ECO</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>	<p style="background-color: #003366; color: white; padding: 2px;">15A - Amended Supplies U/s 9(5)</p> <div style="text-align: center; padding: 10px;"> <b>0</b> </div>		

### Other salient features

- Amended taxable values will be auto-populated from Table 14A(b) to Table 3.1.1(ii) of Form GSTR-3B
- Amended taxable value along with tax liabilities from all the 4 sections of Table 15A i.e., B2B, B2C, URP2B and URP2C will be auto-populated to Table 3.1.1(i) of GSTR-3B
- There will be no auto-population of e-invoice in Table -15A. E-invoices reported for section 9(5) supplies will be populated in Form GSTR-1 as per existing functionality. ECOs have been advised to examine and add such records in Table 15A related to section 9(5) supplies
- ECO shall report amendment of debit or credit notes related to such services notified u/s 9(5) in existing Table 9C of Form GSTR-1 / IFF

## Impact of new tables of ECO - Documents in Form GSTR-2B

For the ease of registered recipients who are making supplies through ECO, a new table 'ECO – Documents (Amendment)' is being added in Form GSTR-2B. In this table, the registered recipient can view the amended document details of the supplies made through ECO on which ECO is liable to pay tax u/s 9(5) of the CGST Act, 2017.

The values will be auto populated from 'Registered Supplier and Registered Recipient' (B2B) and 'Unregistered Supplier and Registered Recipient' (URP2B) section of Table 15A to this new ECO - Documents table of Form GSTR-2B.

Dashboard Services GST Law Downloads Search Taxpayer Help and Taxpayer facilities e-Invoice						
Dashboard Returns GSTR-2B						English
GSTR-2B- AUTO-DRAFTED ITC STATEMENT						
GSTIN- [REDACTED]		Legal Name - [REDACTED]		Trade Name - [REDACTED]		
Financial Year - 2022-23		Return Period - January		Generation date - 13/02/2024		
SUMMARY		ALL TABLES			View Advisory	
ITC available		ITC Not Available		ITC Reversal		HELP
S.NO.	Heading [Expand All]	GSTR-3B table	Integrated Tax (₹)	Central Tax (₹)	State/UT Tax (₹)	Cess (₹)
Part A ITC Available - Credit may be claimed in relevant headings in GSTR-3B						
I	All other ITC - Supplies from registered persons ^	4(A)(5) ⓘ	1,440.00	0.00	0.00	600.00
	B2B - Invoices		0.00	0.00	0.00	0.00
	B2B - Debit notes		0.00	0.00	0.00	0.00
	ECO - Documents		0.00	0.00	0.00	0.00
	B2B - Invoices (Amendment)		0.00	0.00	0.00	0.00
	B2B - Debit notes (Amendment)		0.00	0.00	0.00	0.00
	ECO - Documents (Amendment)		1,440.00	0.00	0.00	600.00
II	Inward Supplies from ISD v	4(A)(4) ⓘ	0.00	0.00	0.00	0.00

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Dashboard Returns GSTR-2B English

## GSTR-2B- AUTO-DRAFTED ITC STATEMENT

GSTIN- [REDACTED] Legal Name - [REDACTED] Trade Name - [REDACTED]  
Financial Year - 2022-23 Return Period - January Generation date - 13/02/2024

SUMMARY ALL TABLES View Advisory

Select table to view details Amendments to documents reported by ECO on which ECO is liable to pay tax u/s 9(5) - ECOA HELP

ECO wise Details Document Details Download Excel

Display/Hide Columns: Select Records Per Page: 10 Apply filter Search...

S.No.	Original document number ^	Original document date ^	GSTIN of ECO ^	Trade/legal name ^	Document number ^	Document type ^	Document date ^
1	doc2	02/11/2022	24ABCDE2024M1ZT	GSTN	/Adoc2	Deemed Export	02/11/2022
2	doc1	01/11/2022	24ABCDE2024M1ZT	GSTN	Adoc1	Regular	01/11/2022

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Back to Summary

Please [Click Here](#) to read the advisory dated 12 March 2024.

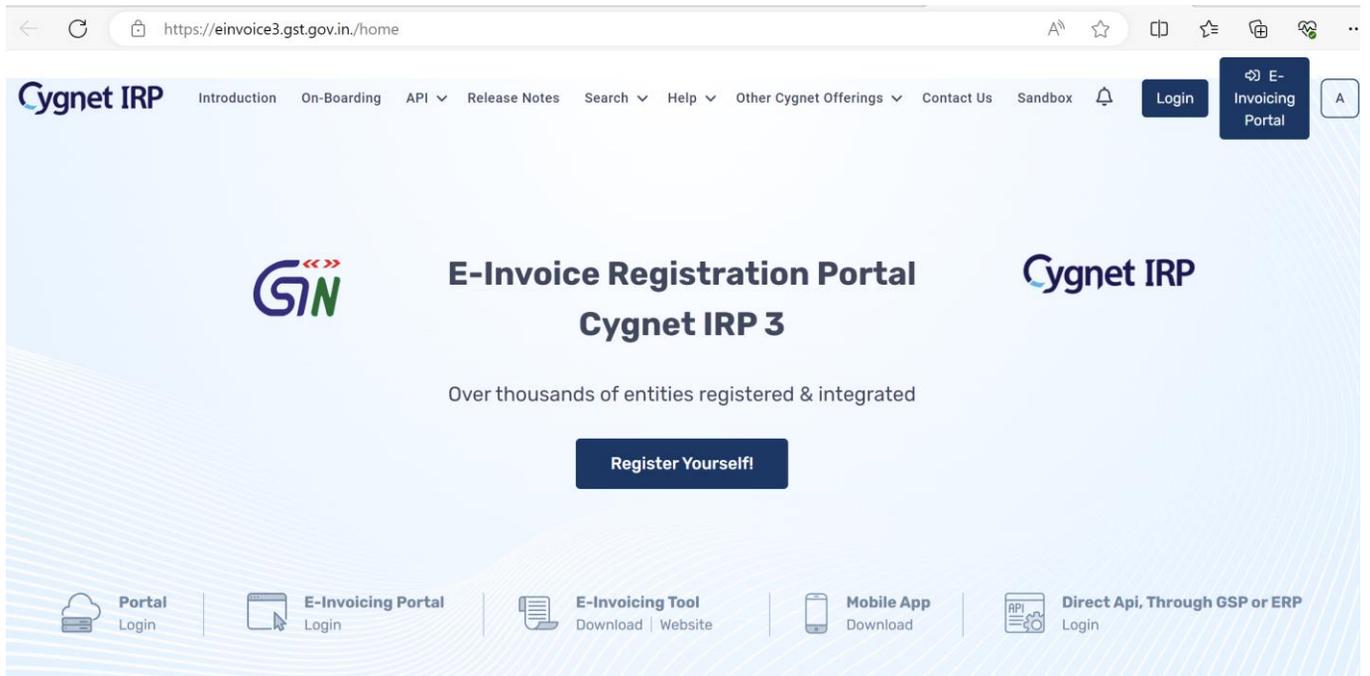


## GSTN issues advisory on integration of e-way bill system with new Invoice Registration Portals (IRPs)

GSTN has announced the integration of e-way bill services with 4 new IRPs via NIC, enabling taxpayers to generate e-way bills alongside e-invoicing on these 4 IRPs. This new facility complements the existing services available on the NIC-IRP portal, making e-way bill services, along with e-invoicing, available across all 6 IRPs.

The websites for the 6 IRPs are given below:

- <https://einvoice1.gst.gov.in>
- <https://einvoice2.gst.gov.in>
- <https://einvoice3.gst.gov.in>
- <https://einvoice4.gst.gov.in>
- <https://einvoice5.gst.gov.in>
- <https://einvoice6.gst.gov.in>



https://einvoice4.gst.gov.in

 **e-Invoice Registration Portal - IRP 4**  
Powered by Clear for Goods and Services Tax Network

 **clear** from the makers of cleartax

[Login](#)

## IRP4 INDIA

# Fast & Reliable Invoice Registration

- ✓ Minimal downtime and latency
- ✓ Connects with major ERP & invoicing tools
- ✓ 24x7 expert support to ease your work





https://einvoice5.gst.gov.in/index

 **IRP 5™** E-Invoice Registration Portal - IRP 5™  
Powered by Ernst & Young LLP, India, for Goods and Services Tax Network

 **EY** Building a better working world

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## Goods and Services Tax

# Welcome to IRP 5

[Know More](#)



https://einvoice6.gst.gov.in/content/

**E-Invoice Registration Portal - IRP 6**  
Powered by IRIS Business Services Ltd. for Goods and Services Tax Network

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Generate e-invoices, send payment links and reminders, and streamline cashflow with **IRIS Peridot Plus**

## Your E-invoicing Journey Starts Here

- Generate, Save or Cancel E-Invoice using app, web or excel utility
- Integrate your ERP with IRIS IRP APIs to create magic for your clients!

Signup Now Developer's Portal

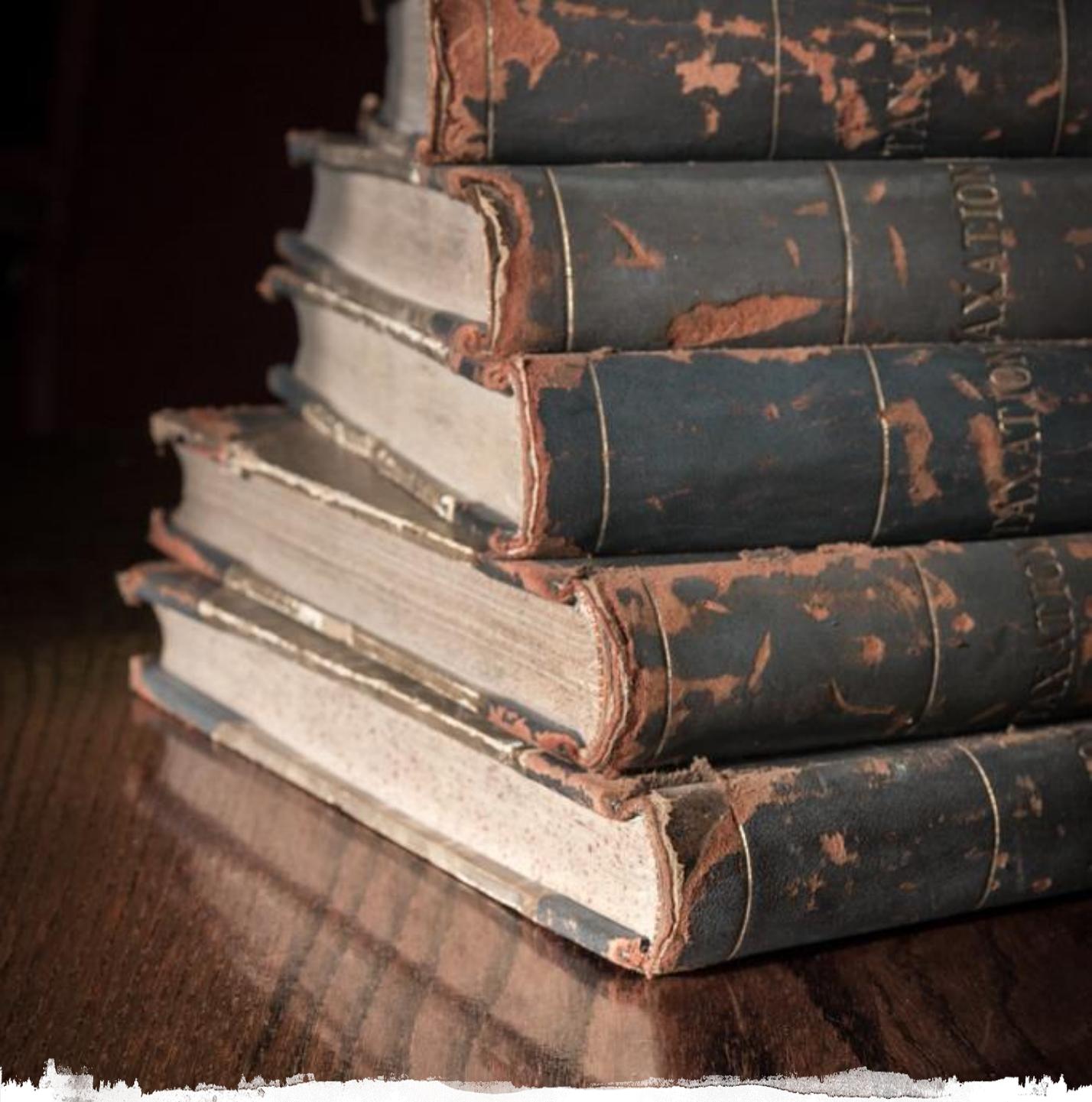
Please [Click Here](#) to read the advisory dated 8 March 2024.

## **GSTN issues advisory on instances of delay in registration reported by some taxpayers despite successful Aadhar authentication**

The GSTN has issued advisory on instances of delay in registration reported by some taxpayers despite successful Aadhar Authentication in accordance with Rule 8 and 9 of CGST Rules, 2017.

It has been informed that where an applicant has undergone Aadhaar authentication [as per Rule 8(4A)] but has been identified [in terms of Rule 9(aa)] by the GST portal for detailed verification based on risk profile, the application for GST registration would be processed within 30 days of submission of the application. Necessary changes would also be made to reflect the same in the online tracking module vis-à-vis processing of application for registration.

Please [Click Here](#) to read the advisory dated 28 February 2024.



## Direct Tax

# Direct Tax

**Direct tax collection for Financial Year (FY) 2023-24 (upto 17 March 2024) Rs. 18.90 Lakh Crore, 19.88 % higher than gross collection for corresponding period last year**

The Central Board of Direct Taxes has released the following statistics on 19 March 2024.

For the period 1 April 2023 till 17 March 2024	Amount	Remarks
Gross direct tax collection	Rs. 22.27 lakh crore	18.74% higher than gross collection for corresponding period last year
Net direct tax collection (after adjustment of refunds)	Rs. 18.90 lakh crore	19.88% higher than net collection for corresponding period last year
Refunds issued	Rs. 3.36 lakh crore	12.74% higher than refunds issued for corresponding period last year

Please [Click Here](#) to read Press Release dated 19 March 2024.

# Direct Tax

## Tax withholding (TDS) on transfer of Virtual Digital Assets (VDA) / Cryptocurrency - Central Board of Direct Taxes (CBDT) waives late filing fee & interest upto 30 May 2023 for certain category of tax deductors, where tax was withheld during the period 1 July 2022 to 28 February 2023

### Background

Finance Act, 2022 had introduced taxation on transfer of VDA including cryptocurrency. Correspondingly, a new provision (section 194S) was inserted in the Income-tax Act, 1961, to introduce withholding tax @ 1% effective from 1 July 2022 onwards on payment for transfer of VDA to a resident in India, subject to certain monetary threshold limit.

### Notification no. 67 issued by CBDT in June 2022

Subsequently, Notification no. 67 was issued by the CBDT in June 2022, 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 payees. It was laid down that TDS u/s 194S is required to be deposited with the Government of India within 30 days from the end of the month in which tax is deducted, by submitting challan cum statement in Form 26Q.

### Circular no. 4 / 2024 issued by CBDT on 7 March 2024

Reportedly, it has come to the notice of CBDT that certain category of deductors who withheld tax u/s 194S during the period 1 July 2022 to 31 January 2023 (7 months), could not file Form 26QE and pay corresponding withholding tax by the due date, due to unavailability of said Form, resulting in imposition of consequential late filing fee u/s 234E and interest u/s 201(1A)(ii) of the Income-tax Act, on such deductors.

Further, such category of deductors who withheld tax u/s 194S during the period 1 February 2023 to 28 February 2023 (1 month) had insufficient time to submit Form 26QE and pay corresponding withholding tax thereon.

Considering the above difficulties, as a one-time exception CBDT has extended (ex-post facto) the due date for submitting Form 26QE for such category of deductors to 30 May 2023 in those cases where the tax was deducted u/s 194S during the period 1 July 2022 to 28 February 2023 (8 months). Late filing fee levied u/s 234E and / or interest charged u/s 201(1A)(ii) in such cases for the period upto 30 May 2023, shall be waived, as instructed by CBDT.

Please [Click Here](#) to read Circular no. 4 / 2024 dated 7 March 2024.

# Direct Tax

## CBDT notifies payments to International Financial Service Centre (IFSC) units which are exempt from requirement to withhold tax at source, subject to furnishing Form 1 by such units to the payer

### Background

Section 80LA(1A) and (2) of the Income-tax Act allows tax deduction of 100% of profits arising to a unit located in IFSC, for any 10 consecutive years out of 15 years beginning from the year in which the registration / permission is obtained by such unit under the IFSC Act, 2019.

Section 197A(1F) of the Act allows CBDT to prescribe categories of persons (payees) on payments to whom withholding tax provisions shall not apply.

### Notification no. 28 / 2024 issued by CBDT on 7 March 2024

CBDT has prescribed various categories of payments made to units located in IFSCs as below, to whom withholding tax provisions shall not apply. The notification is applicable from 1 April 2024 onwards.

S no.	IFSC Unit (Payee)	Nature of Receipt	Section of the Income-tax Act, 1961
1.	Banking Unit	Interest income on External Commercial Borrowings /Loans	195
		Professional fees	194J
		Referral fees	194H
		Brokerage income	
Commission income on factoring and forfaiting services			
2.	IFSC Insurance Intermediary office	Insurance Commission	194D
3.	Finance Company	Interest income on External Commercial Borrowings /Loans	195 / 194A
		Dividend income	194
		Commission income on factoring and forfaiting services	194H

# Direct Tax

S no.	IFSC Unit (Payee)	Nature of Receipt	Section of the Income-tax Act, 1961
4.	Finance Unit	Interest income on External Commercial Borrowings /Loans	195 / 194A
		Dividend income	194
		Commission income on factoring and forfaiting services	194H
5.	Fund Management entity	Professional fee	194J
6.	Broker Dealer	Dividend	194
7.	Investment advisor	Investment advisory fee	194J
8.	Registered Distributor	Distribution fee and Commission fee	194H
9.	Custodian	Professional fee	194J
		Commission fee	194H
10.	Credit rating agency	Credit rating fee	194J
11.	Investment banker	Investment banker fee	
12.	Debenture trustee	Trusteeship fee	
13.	International Trade Finance Service / 'ITFS'	Commission income	194H
14.	FinTech Entity	Technical fee/Professional fee	194J
		Commission income	194H

The payee (IFSC unit) is required to submit Form 1 to the payer, specifying details of the 10 consecutive years for which the payee intends to claim tax deduction u/s 80LA(1A). Such form is required to be submitted to an annual basis. On receiving the form, the payer shall not withhold tax for those years for which tax deduction is being claimed by the payee. For the remaining years, the payer shall be required to duly withhold tax at source as per the regular provisions of the Income-tax Act.

## Form No. 1

**To be furnished by a Unit of International Financial Services Centre ('payee') to the 'payer'**

- (1) Name of the assessee:
- (2) Permanent Account Number:
- (3) Name and address of the Unit of International Financial Services Centre:
- (4) Date of permission obtained under clause (a) of sub-section (1) of section 23 of the Banking Regulation Act, 1949 (10 of 1949) or permission or registration under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or permission or registration under the International Financial Services Centres Authority Act, 2019 ( 50 of 2019 ) or any other relevant law, as mentioned in sub-section (1A) of section 80LA of the Income-tax Act, 1961:

### **Statement-cum-Declaration**

I ..... son/daughter of..... in capacity....., do hereby declare that the above-mentioned Unit is engaged in the business of ..... and is eligible for deduction under sub-section (1A) and sub-section (2) of section 80LA of the Income-tax Act, 1961. I further declare that the above-mentioned International Financial Services Centre Unit has opted to claim the said deduction for the period from the previous year..... relevant to assessment year.... to the previous year.... relevant to assessment year..... I further declare that the above mentioned Unit continues to be a unit working in International Financial Services Centre and continues to be engaged in the business of ..... during the year ..... (relevant to Assessment Year .....) in which this statement-cum- declaration is being submitted.

### **Verification**

I.....son/daughter of .....in capacity..... do hereby certify that all the particulars furnished above are correct and complete.

Signature of the declarant

# Direct Tax

## Charitable trusts / institutions – Clarification issued by CBDT regarding entitlement of tax exemption in case of inter-trust / institution donations

### Background

Charitable trusts / institutions are entitled to tax exemption under the Income-tax Act subject to fulfilment of following conditions:

- At least 85% of income of the trust / institution should be applied during the year for charitable or religious purposes, and
- Trusts / institutions are allowed to apply mandatory 85% of their income either themselves or by making donations to other trusts / institutions with similar objectives, and
- If donated to other trust / institution, the donation should not be towards corpus to ensure that the donations are applied by the donee (receiving) trust / institution for charitable or religious purposes exclusively

In order to ensure intended application towards charitable / religious purposes, the Finance Act 2023 had made amendments in the Income-tax Act to provide that eligible donations made by a trust / institution shall be treated as application for charitable / religious purposes only to the extent of 85% of such donations.

### Issue being faced by the industry

Reportedly, representations have been received by CBDT raising the concern that whether the balance 15% of donation to other trust / institution would be taxable or is eligible for 15% accumulation since the funds would not be available having been already disbursed.

# Direct Tax

## Clarification provided by CBDT vide Circular no. 3 / 2024 dated 6 March 2024

CBDT has clarified that eligible donations made by a charitable trust / institution to another shall be treated as valid application for charitable purpose only to the extent of 85% of such donations. Further, it has clarified that that amount of ineligible application of 15% is not required to be deposited in specified modes of investment [prescribed u/s 11(5) of the Income-tax Act, such as savings certificate issued by Government, post office savings account, etc] as the entire said income has already been donated to other charitable trust / institution.

The above has been explained by CBDT with the help of numerical examples wherein charitable trusts / institutions make chain donations to other trusts / institutions by either donating part of former's income or entire income. In both these scenarios, the former charitable trust / institution is eligible for tax exemption under the Income-tax Act in respect of whole of the amount donated even after considering the ineligible application of 15%.

Please [Click Here](#) to read Circular no. 3 / 2024 dated 6 March 2024.

## **Charitable trusts / institutions – CBDT allows time till 31 March 2024 to furnish correct tax audit report in Forms 10B & 10BB for Assessment Year (AY) 2023-24**

### Background

Charitable trusts / institutions are eligible to claim tax exemption under 2 regimes:

- 1st Regime - Fund / Institution / Trust / University / Educational Institution / Hospital / Medical Institution referred u/s 10(23C)(iv) or (v) or (vi) or (via) of Income-tax Act
- 2nd Regime – Trust registered u/s 12AA/ 12AB of Income-tax Act

# Direct Tax

## Requirement to submit tax audit report in Forms 10B & 10BB issued by Chartered Accountant (auditor)

Charitable trusts / institutions falling in either regime are required to furnish *Form 10B*, if:

- It's annual total Income > Rs. 5 Crore (before applying exemption provisions under Income-tax law), or
- Foreign contribution has been received by it, or
- It has applied any part of its income outside India

Charitable trusts / institutions falling in either regime are required to furnish *Form 10BB*, if:

- None of the above criteria is not fulfilled

Submission of tax audit report in Form 10B / 10BB is a mandatory requirement for being entitled to tax exemption under the Income-tax Act. Form 10BB has limited disclosures compared to Form 10B. The due date for furnishing tax audit report in Form 10B / 10BB for AY 2023-24 was 31 October 2023. AY 2023-24 was the 1<sup>st</sup> year in which significant changes were introduced in the Income-tax Act for claiming tax exemption by charitable trusts / institutions.

## Circular no. 2 / 2024 issued by CBDT on 5 March 2024

Reportedly, CBDT noticed that for AY 2023-24, many taxpayers (charitable trusts / institutions) submitted tax audit report in *Form 10B* when they were required to submit *Form 10BB and vice-versa*. To give opportunity to the taxpayers to submit information in the correct form for AY 2023-24, CBDT has allowed time till **31 March 2024** for taxpayers to submit the information in correct applicable Form 10B / 10BB for the said year.

Please [Click Here](#) to read Circular no. 2 / 2024 dated 5 March 2024.

# Direct Tax

## Section 115BAE of the Income-tax Act, 1961, allowing benefit of concessional tax rate of 15% to newly set up manufacturing co-operative societies – Necessary amendments made by CBDT in Forms 3CEB (transfer pricing certification) & 3CD (tax audit report) for AY 2024-25 onwards

### Background

The Finance Act 2023 has extended the benefit of concessional tax rate of 15% to newly set up manufacturing co-operative societies, by inserting new section 115BAE in the Income-tax Act. This has been done to provide level playing field to co-operative societies akin to companies. Further, transactions between the newly set up manufacturing co-operative societies and their related entities have been brought within the ambit of 'specified domestic transactions' under the transfer pricing regulations, to curb possibility of tax evasion.

### Notification no. 27 / 2024 issued by CBDT on 5 March 2024

Consequent to the above provisions, certain changes were required in the following forms for reporting purposes, which has duly been done by CBDT vide the captioned notification dated 5 March 2024.

- Form 3CEB – Transfer pricing certification u/s 92E of the Income-tax Act, pertaining to international transactions / specified domestic transactions, to be issued by Indian Chartered Accountant
- Form 3CD – Tax Audit Report u/s 44AB of the Income-tax Act, to be issued by Indian Chartered Accountant
- Form 65 - Application for exercising / renewing option for the tonnage tax scheme

The changes made in above forms are applicable from AY 2024-25 onwards.

Please [Click Here](#) to read Notification no. 27 / 2024 dated 5 March 2024.

## Income-tax Return (ITR) Form 7 for AY 2024-25 notified by CBDT

This year, CBDT has notified well in advance in December 2023 and January 2024, the ITR forms 1 to 6 for AY 2024-25. On 1 March 2024, CBDT has notified the pending Form ITR 7 as well, applicable for trusts / institutions / not-for-profit organisations required to submit ITR u/s 139(4A) or (4B) or (4C) or (4D) of the Income-tax Act.

Please [Click Here](#) to read Notification no. 24 / 2024 dated 1 March 2024.



# **International Tax**

# International Tax

## Ministry of Finance gives effect to Most-Favoured Nation (MFN) clause under India- Spain Double Taxation Avoidance Agreement (DTAA)

### Background - What is 'MFN' clause?

India has entered into Double Taxation Avoidance Agreements (DTAAs) with various countries, to ensure that income earned by non-residents from India is free from double taxation. Certain DTAAs have the 'MFN' clause.

The 'MFN' clause, as the name suggests, means that such country is given preferential benefits as compared to other countries. It means that if after signature / entry into force of the DTAA with a given country ('2<sup>nd</sup> country', India being the '1<sup>st</sup> country'), India enters into a DTAA on a later date with a 3<sup>rd</sup> country [which is an Organization for Economic Co-operation and Development (OECD) member] providing a beneficial tax rate or restrictive scope for taxation of income, such similar tax benefit should be available to the 2<sup>nd</sup> country as well. India has MFN clause in DTAAs with 13 countries (including *Spain*, Netherlands, France, Switzerland, Hungary).

### Supreme Court's decision dated 19 October 2023 in case of M/s Nestle SA

Last year, couple of important issues were addressed by Supreme Court as below regarding applicability of MFN clause:

Issue	Ruling by Supreme Court
Whether MFN clause is effective automatically or only after a notification is issued by Indian Government.	MFN clause is not effective automatically. It can be enforced only after a notification is issued by the Indian Government.
Whether there is any right to invoke the MFN clause with respect to provisions of a 3 <sup>rd</sup> country with which India has entered into DTAA, if such 3 <sup>rd</sup> country was not an OECD member at the time of entering into such DTAA.	To claim benefit of MFN clause, based on the DTAA between India and a 3 <sup>rd</sup> country that is an OECD member, the relevant date to be considered is the date when the DTAA was entered into with India, not a later date when the 3 <sup>rd</sup> country becomes an OECD member.

# International Tax

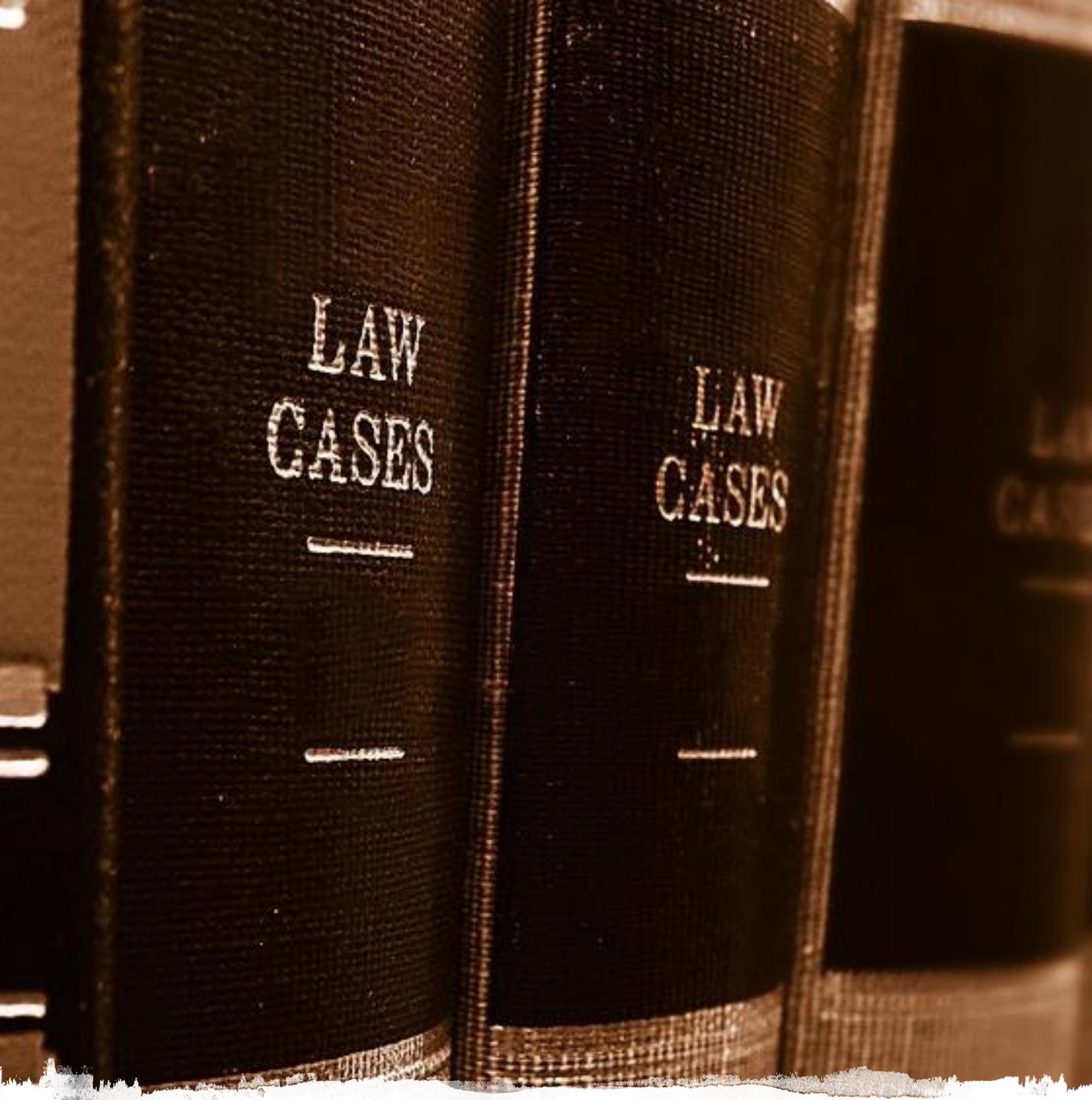
## [Notification no. 33 / 2024 issued by CBDT on 19 March 2024](#)

Pursuant to Supreme Court's ruling wherein it held that MFN clause is not effective automatically and that it can be enforced only after a notification is issued by the Indian Government, the Ministry of Finance has issued a Notification on 19 March 2024 providing details of the MFN benefit with respect to *India Spain DTAA*.

Currently, the income-tax rate on Royalties and Fee for Technical Services under India Spain DTAA is 10% for Equipment Royalty and 20% for other types of Royalty and Fee for Technical Services. The India Spain DTAA came into force on 12 January 1995. As per Protocol to India Spain DTAA, if India enters into DTAA with a 3<sup>rd</sup> country (which is member of OECD), on or after 1 January 1990 wherein India limits its taxation rights on Royalty or Fee for Technical Services to a lower tax rate, benefit of that lower tax rate would be applicable to India Spain DTAA as well.

Subsequently, India has entered into DTAA with *Germany* (an OECD member), which came into force on 26 October 1996, wherein India has limited its taxation rights on Royalties and Fee for Technical Services to 10%. Consequently, the Ministry of Finance has issued Notification no. 33 / 2024 on 19 March 2024, giving effect to the MFN clause under India Spain DTAA and restricting the tax rate to 10% on Royalty and Fee for Technical Services payments under India Spain DTAA. The amendment is effective from AY 2024-25 onwards.

Please [Click Here](#) to read Notification no. 33 / 2024 dated 19 March 2024.



## **Corporate Law & Regulatory**

# Corporate Law & Regulatory

## Relaxation of Foreign Direct Investment (FDI) policy in Space sector (including satellites, launch vehicles, spaceports & components for ground segment & user segment)

Currently, FDI in India in the space sector has largely been restricted, with 100% equity / equivalent being allowed only under Government approval route\*\*. In a bid to enhance foreign investment into India, the Ministry of Commerce & Industry has relaxed the FDI limits in the space sector as below, to be effective from the date of its notification in the official gazette of India.

Sector / Activity	FDI limit / cap	Entry route
<p>Satellites:</p> <ul style="list-style-type: none"><li>• Manufacture &amp; Operation (end-to-end manufacture and supply of satellite and / or payload, establishing the satellite systems including control of in-orbit operations of the satellite &amp; payloads)</li><li>• Data Products [Reception, generation or dissemination of earth observation / remote sensing satellite data and data products including Application Interfaces (API)]</li><li>• Ground Segment [Supply of satellite transmit / receive earth stations including earth observation data receive station, gateway, teleports, satellite telemetry, Tracking and Command (TTC) station, Satellite Control Centre (SCC), etc.]</li><li>• User Segment (Supply of user ground terminals for communication with the satellite, which are not covered under the ground segment)</li></ul>	100%	<p>Upto 74% - Automatic route *</p> <p>Beyond 74% - Government approval route **</p>

# Corporate Law & Regulatory

Sector / Activity	FDI limit / cap	Entry route
<p>Launch Vehicles &amp; Spaceports:</p> <ul style="list-style-type: none"><li>Launch Vehicles and associated systems or subsystem (a vehicle and its stages or components that is designed to operate in or place spacecraft with payloads or persons, in a suborbital trajectory, earth orbit or outer space)</li><li>Creation of Spaceports for launching and receiving spacecraft [a spaceport (also referred as launch site) can be regarded as the base from which spacecraft are launched and consisting of facilities involving devices for transportation to, from and via outer space]</li></ul>	100%	Upto 49% - Automatic route *  Beyond 49% - Government approval route **
<p>Manufacture of components and systems / sub-systems for satellites, ground segment and user segment</p> <p>(comprising the manufacture and supply of electrical, electronic and mechanical components systems / subsystems for satellites, ground segment and user segment)</p>	100%	Upto 100% - Automatic route *

\* *Automatic route – No prior approval required from Government of India*

\*\* *Government approval route - Prior approval required from Government of India*

Please [Click Here](#) to read the Press Release issued by Ministry of Commerce & Industry on 5 March 2024.

Please [Click Here](#) to read the Press Release issued by Ministry of Commerce & Industry on 21 February 2024.

# Corporate Law & Regulatory

## Social Security Agreement between India & Brazil effective from 1 January 2024 onwards

The Employees' Provident Fund Organisation (EPFO) has announced on 13 February 2024, the implementation of the Social Security Agreement between India and Brazil effective from 1 January 2024 onwards. This agreement facilitates detachment, totalization and portability of social security benefits.

According to the provision for detachment, the employees of 1 country deputed by their employers to the other country on short-term assignments (up to 36 months) are exempt from social security contributions in the latter country upto a period of 36 months.

This exemption is contingent upon obtaining a Certificate of Coverage, which can be applied for through the employer using the prescribed form. The Certificate of Coverage is issued by the concerned EPFO regional office.

Please [Click Here](#) to read the Social Security Agreement between India and Brazil.

Please [Click Here](#) to read the Circular issued by EPFO on 13 February 2024.

Please [Click Here](#) to read the form of Certificate of Coverage issued by Indian regional EPFO office.

# Compliance Calendar

## Compliance calendar for the month of April 2024

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To	
7 <sup>th</sup> April	March 2024	TCS deposit	All Collectors	
		Equalization Levy deposit	All Deductors	
10 <sup>th</sup> April		a) GSTR-7 (TDS return under GST)	a) Person required to deduct TDS under GST	
		b) GSTR-8 (TCS return under GST)	b) Person required to collect TCS under GST	
11 <sup>th</sup> April		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 <sup>th</sup> April		GSTR-6 [Return by input service distributor (ISD)]	Person registered as ISD	
		GSTR-5 (Return by Non-resident)	Non-resident taxable person (NRTP)	
		January - March 2024	GSTR-1 (Outward supply return)	Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and opted for QRMP scheme
15 <sup>th</sup> April		March 2024	Deposit of PF & ESI contribution	All Deductors
18 <sup>th</sup> April		January - March 2024	CMP -08 (Statement – cum challan for composition dealer)	Composition dealer
20 <sup>th</sup> April	March 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	
22 <sup>nd</sup> April	January - March 2024	GSTR-3B (Summary return)	Taxpayers having annual turnover ≤ Rs. 5 crore in FY 2022-23 and opted for QRMP scheme and having principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the Union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands. Lakshadwee	
24 <sup>th</sup> April			Taxpayers having annual turnover ≤ Rs. 5 crore in FY 2022-23 and opted for QRMP scheme and having principal place of business in any other state	
30 <sup>th</sup> April	March 2024	TDS Deposit	All Deductors	
	October 2023 - March 2024	MSME Form - I (Filing of MSME dues outstanding for > 45 days from the date of acceptance of the goods or services)	All Companies having MSME trade payable outstanding for more than 45 days	
	FY 2023-24	GSTR-4 (Annual Return for composition dealer)	Composition dealer	

# About KrayMan

KrayMan Consultants LLP (KrayMan) is an accounting & consulting Firm head quartered in National Capital Region of India & serving Clients across India for more than 12 years. We were founded in 2012 by professionals from Big 4 accounting firms & industry background. We are a team of Chartered Accountants, Company Secretaries, Advocates & MBAs.

We specialize in India-Entry, Accounting, Taxation, Legal, Regulatory, Assurance, HR, Payroll & Loan staffing services. We provide services in the areas of Compliance, Advisory & Litigation. We have been serving Domestic as well as International Clients from countries like USA, Japan, Australia, EU etc.

We have been Awarded under the category 'Small Business Award 2021' by the International Business Council of Australia. We are members of the prestigious Japan Chamber of Commerce & Industry in India (JCCII) and its Tax Committee.

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