

NYCA's

The ReCap

A news to clear your doubts

A Monthly E-Newsletter

May, 2023 / Vol 01






For use by clients and firm personnel only

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KEY METRICS

Indices

| | | | |
|------------------|--------|--------|---|
| BSE SENSEX | 61,112 | 00.40% |  |
| NSE NIFTY50 | 18,065 | 04.06% |  |
| NASDAQ Composite | 12,227 | 00.04% |  |

Currency

| | | | |
|----------|--------|-------|---|
| USD/INR | 81.72 | 0.54% |  |
| EURO/INR | 90.05 | 1.13% |  |
| GBP/INR | 102.18 | 0.46% |  |



Note: The month-on-month movement as on April 30, 2023 is represented in percentages Source: Yahoo Finance, Investing.com

COMPLIANCE ALERT

7th May

TCS payment | TDS payment by Government offices

10 May

GSTR-7 | GSTR-8 for April 2023

11th May

GSTR 1- Summary of outward supplies where TO.> Rs.5 crore or have not chosen the QRMP scheme for April-June, 23

13th May

GSTR 5 - Summary of outward & tax payable by an NR

13th May

GSTR 6 (monthly) -April, 2023 for ISDs providing details for their inward supplies and ITC

15th May

Issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M in the month of April, 2023

15th May

Provident Fund (PF) payment for April, 2023
ESIC payment for April, 2023

15th May

Furnishing of Form 24G by Govt. office where TDS/TCS is paid without Challan

15th May

Form No. 3BB- Quarterly statement in respect of foreign remittances

20th May

GSTR-5A Summary of outward of taxable supplies and tax payable by a person supplying ODIAR services

20th May

GSTR 3B - Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with TO. > Rs.5 Cr. last FY or have not chosen the QRMP scheme for the quarter of April-June, 23

25th May

PMT 06 - Challan payment (if no sufficient ITC) for persons who opted for Quarterly filing of GSTR-3B under QRMP Scheme

30th May

Form LLP 11

30th May

Submission of Form PAS-6 unlisted public companies to the ROC

30th May

Issuance of TCS certificate of the Jan-Mar, 23

30th May

Filing of Statement for TDS deducted under Section 194IA, 194IB, 194M & 194S for April 2023

30th May

For no. 49C for FY 2022-23

31st May

Application for Allotment of PAN-1 | PAN-2

31st May

Form no. 61A | Form no. 61B

31st May

form 9A | Form 10

31st May

TDS Return- Quarterly statement of TDS deposited for Jan-Mar, 2023



Direct Tax

Notifications / Circulars

Tax to be deducted as per the new tax regime by the employer if employee didn't intimate about opting out from new tax regime: CBDT

The CBDT has recently provided clarification on the deduction of TDS on salaried income by employers starting from the assessment year 2024-25. According to the clarification, employers are required to request information from their employees regarding their preferred tax regime. In case an employee does not provide any information, the employer must deduct tax as per the new tax regime under section 115BAC.

[CIRCULAR NO. 4 OF 2023 \[F.NO. 370142/06/2023-TPL\]](#)

Government increased the limit for amount that can be deposited in National Savings (Monthly Income Account) Scheme

The Government has recently announced an increase in the maximum deposit limit for the National Savings Monthly Income Account Scheme, allowing its account holders to deposit higher sums of money. As per the revised limits, the maximum amount that can be deposited in a single account has been raised from Rs. 4.5 lakh to Rs. 9 lakh, whereas for joint accounts, the limit has been increased from Rs. 9 lakh to 15 lakh.

[NOTIFICATION NO. G.S.R. 239\(E\) \[F. NO. 1/3/2023-NS\]](#)



CBDT notifies '348' as Cost of Inflation Index (CII) for FY 2023-24

The Central Board of Direct Taxes (CBDT) issues an annual notification of the Cost of Inflation Index (CII) which is utilized to calculate long-term capital gains or losses. The CII helps in indexing the cost of acquisition or improvement with respect to the relevant year's applicable CII.

For the upcoming Financial Year 2023-24, the CBDT has notified the CII as '348'. This CII will be applicable for computing the long-term capital gains or losses on any capital assets that have already been sold or are planned to be sold during the Financial Year 2023-24.

[NOTIFICATION S.O. 1692 \(E\) \[NO. 21/2023/F.NO. 370142/5/2023-TPL\]](#)

CBDT issued notification regarding filling of application in Form 15C/15D

The CBDT, Directorate of Income-Tax (Systems), has released a notification outlining the procedure, format, and standards for submitting an application in either Form No. 15C or Form No. 15D through TRACES. These forms are used to obtain a certificate for no-deduction of income-tax under sub-section (3) of section 195 of the Income Tax Act, 1961.

[NOTIFICATION NO. 1/2023 \[F.NO. PR. DGIT\(S\)CPC\(TDS\)/NOTIFICATION/2022-23\]](#)

Government makes Aadhar, PAN mandatory for investing in small saving schemes

The Ministry of Finance has issued a notification making Aadhaar number mandatory for investing in small saving schemes like PPF, SSY, Post Office Saving Scheme, SCSS, etc. This is part of the KYC process for small saving schemes, and prior to this notification, investment in such schemes was possible without submitting Aadhaar number. However, from now on, Aadhaar enrolment number must be submitted for making investment in government-backed small saving schemes. Additionally, PAN card must be furnished for investments above a certain threshold.

[NOTIFICATION NO. G.S.R. 238\(E\) \[F. NO. 1/3/2023-NS\]3](#)

Judicial Rulings

Late or Non-payment of TDS not a reason of imposition of Section 271C Penalty : SC

The Supreme Court has held that Section 271C(1)(a) applies when an assessee fails to deduct tax as required by the Act, and it does not apply to belated remittance of TDS. The only instances where Section 271C(1)(b) may be applied for non-payment of TDS are limited to Section 115-O(2) or the second proviso to Section 194B. The consequences for non-payment or belated remittance of TDS are provided for in Sections 201(1A) and 276B of the Act. Penal provisions must be strictly and literally construed, and the words "fails to deduct" in Section 271C(1)(a) cannot be interpreted as "failure to deposit/pay the tax deducted." Therefore, no penalty can be levied under Section 271C(1)(a) for belated remittance of TDS after deduction by the assessee.

[2023] 149 taxmann.com 144 (SC)
[10-04-2023]

Nature of payment can't be changed to alter the TDS provision by AO during the appeal: HC

The High Court held that EDC payment cannot be construed as rent and hence, Section 194-I, which requires TDS to be deducted on rent payments, is not applicable. The AO had erroneously concluded that EDC charges were 'rent' as it was in the nature of an arrangement to use land. Revenue does not seek to support the decision of AO that EDC charges are payments made to a contractor under a contract and no 'rent' under an arrangement to use

land. The revenue's reasoning is fundamentally flawed as it concluded that tax should be deducted and then sought provisions of law to support it. Thus, the High Court set aside the AO's order.

[2023] 149 taxmann.com 176 (Delhi)
[24-03-2023]



AO has authority to interfere with Completed Assessment u/s 153A: SC

The Supreme Court ruled that section 153A was added to prevent the practice of conducting separate assessments and taxing undisclosed income at regular rates, and instead mandates a block assessment for six years in the event of a search. Section 153A can only be invoked if there is a valid search under Section 132 that detects undisclosed income using extraordinary powers of search and seizure.

The court upheld the view that if incriminating material is found during a search under Section 132 or requisition under Section 132A, the assessing officer has the authority to assess or reassess

the "total income," even if the assessment has already been completed. If no incriminating material is found during a search and the assessment is already completed, the revenue can only initiate reassessment proceedings under sections 147/148 of the Act, provided the conditions mentioned in sections 147/148 are met.

[2023] 149 taxmann.com 399 (SC)
[24-04-2023]

DDT u/s 115-O applicable on NR Shareholders Unless protected by DTAA: ITAT

The Mumbai Tribunal has held that Dividend Distribution Tax (DDT) is a tax on the company paying the dividend and is chargeable to tax on its profits as a distinct taxable entity. The DDT is not a tax payable by the shareholder, and the domestic company does not act as an agent of the shareholder in paying the tax under Section 115-O. The charge under Section 115-O is on the company's profits and not income in the hands of the shareholder. Therefore, the DTAA is not triggered when a domestic company pays DDT under Section 115-O, unless the Contracting States extend the treaty protection to the domestic company paying the DDT. If a domestic company declares, distributes or pays dividends to non-resident shareholders, it shall be liable to pay DDT at the rate mentioned in Section 115-O. However, the domestic company can claim the benefit of DTAA if the treaty specifically extends the treaty protection to the DDT paid by the domestic company.

[2023] 149 taxmann.com 332
(Mumbai - Trib.) (SB)[20-04-2023]

Indirect Tax

CBIC notified reduction of late fees for Annual Returns from FY 2022-23 onwards

The CBIC issued a notification to reduce the late fees for taxpayers with a turnover of up to Rs. 20 Crores who file their annual return late. The new late fee structure is set at Rs. 50 per day, split into Rs. 25 for CGST and Rs. 25 for SGST, subject to a maximum of 0.04% of turnover (i.e. 0.02% for CGST and 0.02% for SGST). Taxpayers with a turnover of up to Rs. 5 Crores will be subject to a late fee of Rs. 100 per day, split into Rs. 50 for CGST and Rs. 50 for SGST, subject to the same maximum of 0.04% of turnover.

[NOTIF. NO. 7/2023 - CENTRAL TAX \[G.S.R. 250\(E\)/F. NO. CBIC-20013/1/2023-GST\]](#)

Govt. notifies extension of time limit for issuing u/s 73 for FY2017-18 to FY2021-22

The CBIC has released a notification extending the deadline for issuing orders under Section 73(10). The time limit for the 2017-18 financial year has been extended until December 31, 2023. The deadline for the 2018-19 financial year has been extended until March 31, 2024, and the deadline for the 2019-20 financial year has been extended until June 30, 2024.

[NOTIFICATION NO. 9/2023- CENTRAL TAX \[S.O.1564\(E\)/F. NO. CBIC-20013/1/2023-GST\]](#)

CBIC announces late fee waiver for the return in Form GSTR-4

In a recent notification, the CBIC has announced a waiver of late fees for registered individuals who have been unable to submit the return in Form GSTR-4 for the

quarters between July 2017 to March 2019, or for the financial years from 2019-20 to 2021-22. The late fees will be waived for any amount exceeding Rs. 250 and will be fully waived if the total amount of central tax payable in the return is nil. However, this waiver will only apply if the return is filed between 1st April 2023 to 30th June 2023.

[NOTIF. NO. 2/2023-CENTRAL TAX \[G.S.R. 245\(E\)/F. NO. CBIC-20013/1/2023-GST\]](#)



CBIC notifies amnesty scheme for final return filing in Form GSTR-10

The CBIC recently notified amnesty scheme for the filing of the Final Return in Form GSTR-10. As per the scheme, registered individuals who fail to submit the final return in Form GSTR-10 by the due date but file it between 1st April 2023 and 30th June 2023, will have their late fees waived, except for the amount exceeding Rs. 1000 (consisting of Rs. 500 CGST and Rs. 500 SGST).

[NOTIF. NO. 8/2023 - CENTRAL TAX \[S.O.1563\(E\)/F.NO.CBIC-20013/1/2023-GST\]](#)

CBIC issues notification for new rate of Compensation cess on Tobacco products

The GST Council has recommended a change in the levy of cess for products such as Pan Masala, Tobacco, and manufactured tobacco substitutes. The Government has notified new GST Compensation Cess rates for these products, which will now be based on specific tax rather than ad valorem, and will be calculated on the retail sale price.

[NOTIFICATION NO. 2/2023-COMPENSATION CESS](#)

CBIC provides procedure and timeline for Aadhar authentication and registration application submission

In a recent notification, the CBIC stated that if an applicant chooses to authenticate their Aadhaar number, they must complete the authentication process. In such cases, the date of submission of the application will be considered as either the date of authentication of the Aadhaar number or fifteen days from the submission of the application, whichever comes earlier.

[NOTIF. NO. 4/2023 - CENTRAL TAX \[G.S.R. 247\(E\)/F.NO. CBIC-20013/1/2023-GST\]](#)



Judicial Rulings

'Pre-import clause in FTP to avail exemption benefits is not arbitrary or unreasonable: Hon'able SC

The Supreme Court has overturned a Gujarat High Court ruling that struck down the 'pre-import' condition in the Foreign Trade Policy for obtaining exemptions from GST and integrated tax on imports under Advance Authorisation. The Supreme Court concluded that inconvenience to exporters was not sufficient reason to declare the condition arbitrary. However, the Court has directed the Revenue to allow exporters who benefited from interim orders to claim refunds or input credits for customs duty paid, based on documentary evidence. The claim process will be examined on a case-by-case basis, and the Revenue will provide guidelines through a circular for convenience. The exporters must apply within six weeks of the judgment.

[2023] 149 taxmann.com 473 (SC)
[28-04-2023]

Bombay High Court upheld constitutional validity of Section 13(8)(b) and Section 8(2) of IGST, 2017

In a recent ruling, the Bombay High Court concluded that Section 13(8)(b) creates a fiction that only applies to the provisions of the IGST Act. The Court also found that both Section 13(8)(b) and Section 8(2) of the IGST Act are legally sound, valid, and constitutional. However, the Court clarified that these provisions cannot be utilized to impose taxes on intermediary services under the CGST and SGST Acts.

[2023] 149 taxmann.com 317 (Bombay)
[18-04-2023]

Services by branch to head office will attract GST: Tamilnadu AAR

The Tamil Nadu Authority for Advance Ruling (AAR) has observed that the services of employees deployed in a registered branch office and rendered to the head office of the same entity will be treated as a supply under Entry 2 of Schedule I of the CGST Act, 2017. The AAR concluded that the services rendered by employees in a representative capacity as an employee of the branch to the head office will be considered as provided by a "related person," as defined in the Explanation to Section 15 of the CGST Act, 2017. Therefore, the AAR held that GST will be applicable to such services.

[2023] 149 taxmann.com 337 (AAR - TAMILNADU)[31-03-2023]

GST to be paid under RCM if a residential place is rented to a registered person regardless of its purpose: AAR

The Authority for Advance Ruling determined that a registered person who rented residential premises for use as a guest house for employees would be responsible for discharging GST liability under the Reverse Charge Mechanism (RCM). The rented houses were situated in residential areas. According to Notification No. 05/2022 Central Tax (Rate) dated 13-7-2022, GST must be paid by the tenant, regardless of the purpose of use, if a residential dwelling is rented to a registered person. Consequently, it was concluded that the applicant would be obligated to pay GST under RCM.

[2023] 149 taxmann.com 80 (AAR - ODISHA)[29-11-2022]



Filing a Writ petition against SCN without filing reply was pre-mature and not maintainable: Madras HC

The High Court recognized that the show cause notice in question provided explanations for classifying the goods under Chapters 84 and 85 of the Customs Tariff Act, rather than Chapter 86. It was necessary for the petitioner to respond to the show cause notice, stating their objections. However, the petitioner prematurely approached the Court without responding to the notice. Consequently, the Court dismissed the petition and directed the petitioner to submit a reply to the show cause notice in question.

[2023] 148 taxmann.com 187
(Allahabad)[16-01-2023]

Corporate & Allied Laws

Notifications / Circulars

MCA notifies Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules 2023

The Ministry of Corporate Affairs (MCA) has issued an amendment to the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016, called the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2023, which will be effective from May 1, 2023. The key amendments are as follows:

- Rule 4(1) has been replaced, stating that an application for the removal of a company's name under Section 248(2) should be made to the Registrar, Centre for Processing Accelerated Corporate Exit using Form No. STK-2, along with a fee of ten thousand rupees.
- Rule 4(3A) has been inserted, designating the Registrar, Centre for Processing Accelerated Corporate Exit (established under Section 396(1)) as the Registrar of Companies responsible for processing and disposing of applications made in Form No. STK-2, and handling all related matters under Section 248, with jurisdiction across India.

- Rule 4(3), clause (iv) has been omitted
- The Forms specified as Form No. STK-2, Form No. STK-6, and Form No. STK-7 have been substituted with new versions.

CG-DL-E-18042023-245244

Dated 2 April, 2023



SEBI releases Operational circular for Debenture Trustees

To facilitate easy access for the industry and other users SEBI has released an Operational Circular for DTs has been created, consolidating all the relevant circulars in one place. The responsibility for adhering to these provisions lies with the Board of Directors of the DTs. This circular will come into effect on April 1, 2023.

SEBI/HO/DDHS/P/CIR/2023/50

SEBI notifies Direct Plan for investment in AIFs with no Distribution Fee

The Securities and Exchange Board of India (SEBI) has introduced a Direct Plan for Alternative Investment Funds (AIFs) in order to provide investors with more flexibility. The Direct Plan does not involve any distribution or placement fees. Investors who approach an AIF through a SEBI registered intermediary that charges them a separate fee, such as an advisory or portfolio management fee, must be on-boarded through the Direct Plan.

SEBI has also mandated the Trail model for the distribution of commissions in AIFs. AIFs must disclose the distribution or placement fee to investors when they are on-boarded. Category III AIFs are only allowed to charge distribution fees or placement fees on an equal trail basis, meaning no upfront fees are permitted directly or indirectly for their investors.

Category I AIFs and Category II AIFs are allowed to pay distributors up to one-third of the total distribution or placement fee upfront, while the remaining fee must be paid on an equal trail basis over the fund's tenure.

These provisions are applicable to investors on-boarded in AIFs or schemes of AIFs from May 1, 2023, onwards.

CIRCULAR NO.

SEBI/HO/AFD/PoD/CIR/2023/054,

Dated - 10-04-2023

Policies & Schemes

Rajasthan Agro-Processing, Agri-Business and Agri-Export Promotion Policy, 2019

On December 17, 2019, Ashok Gehlot, the Chief Minister of Rajasthan, introduced the Rajasthan Agro-Processing, Agri-business, and Agri Export Promotion Policy 2019. The main objective of this policy is to promote agro-processing, boost agricultural exports, and enhance the income of farmers in the state. The policy aims to establish Rajasthan as a prominent center for the production and distribution of processed agricultural products, attracting investors, processors, and exporters to choose the state as their preferred destination.

Operative Period

The operational period of this scheme will commence from the date when it is officially announced in the Gazette of the Government of Rajasthan. It will continue to be in effect until March 31, 2024, or until the policy remains active, whichever comes first. Furthermore, a comprehensive review of the policy will be conducted in the year 2021.

Objectives

The policy is aimed at the following objectives:

- To promote cluster based approach in production and agro-processing.
- To augment farm gate infrastructure
- To promote backward-forward linkage for a sustainable system for farming and industrial sector
- To minimizing the post harvest losses by strengthening the supply chain.

- To accelerate capital investments in value and supply chain of agriculture and allied sector.
- To augment the capacity of agro-processing sector to upscale the operations through capital infusion, technology transfer and handholding support.
- To promote market outreach of fresh fruits & vegetables, ethnic food items, organic produce and value-added agri-products of state in domestic and international market and to build a strong State brand.



- To support the agro-industry for greater compliance and adoption of the standard of food safety and hygiene in order to meet the norms set up by FSSAI and importing countries.
- Capacity building and skill upgradation through institutional training to ensure sustainable employment opportunities to the people and also to reduce the gap in requirement and availability of skilled manpower in the food processing sector.

- To develop state as logistic hub by creating support infrastructures near NCR and in DMIC catchment area.
- To initiate suitable policy measures for developing a fast and vibrant agri-business sector.

Eligible Persons/Organisations

Individuals, Group of farmers / growers, FPOs/FPCs registered under respective companies Act/cooperatives societies Act/societies registration Act (with minimum 50 number of farmer members), Partnership/ Proprietary firms, LLP, Companies, Corporations, Self Help Groups (SHGs), Cooperatives, Cooperative Marketing Federations engaged in Agro & Food processing would be eligible for financial assistance as per the various schemes to be framed for implementation of Rajasthan Agro-processing, Agribusiness & Agri-export Promotion Policy, 2019.

Eligible Sectors

Rajasthan Agro-processing, Agri-business & Agri-exports promotion Scheme, 2019 will cover the following sectors:

- Fruits & vegetables processing
- Spices processing
- Cereal/other consumer food products
- Oil seeds products
- Rice & flour milling
- Pulse processing
- Herbal, medicinal, flower and aromatic products
- Minor forest produce processing
- Honey processing

- Milk processing
- Meat (other than beef), Poultry, Fishery processing
- Cattle feed, poultry feed, fish meal products
- Non edible agriculture produce processing
- Other such Agricultural and horticultural product processing activities for preparing food flavours and colours, oleoresins and mushrooms products
- Agri Waste Processing Units
- Infrastructure Projects: Collection/Aggregation Centre, Warehouses, Cold Storages, Food Irradiation Processing Plants, Cold Chain, Pack houses, agro-processing clusters or parks declared by State Government, Reefer Vans etc.

State Level Sanctioning and Monitoring Committee (SLSC) shall be competent to include/exclude any sector/sub-sector from the ambit of Scheme to ensure all-inclusive growth of Agriculture and allied sector in the State.

Subsidy, Incentive and Assistance

Capital Investment Subsidy

Eligible Fixed Capital Investment (EFCI) of the project for the purpose of subsidy will be calculated on the project cost as appraised by financial institution or actual cost of eligible components as certified by a Chartered Accountant whichever is lower subject to the subsidy ceiling as well as overall ceiling given in the Table 1.

Conditions for providing Capital Subsidy:

(i). All the subsidies shall be extended to the projects sanctioned by them Banks/ Financial Institutions after issuance of this notification.

(ii). The subsidies shall be credit linked back ended with a lock in period of three years and will be extended on the units financed by the RBI recognized financial institutions and scheduled banks.

(iii). The subsidy amount shall be kept by lending institutions in a separate Subsidy Reserve Fund Account and no interest shall be charged by them on the amount equivalent to the subsidy received by them from the date of receipt.

(iv). If the unit is entitled for capital subsidy in more than one scheme of State, the applicant can avail subsidy and connected benefits in any one of the scheme.

(v). No additional or top up subsidy shall be allowed to units opting for any of the capital subsidy schemes operational in the State.



Interest Subsidy on Term Loan

Interest subsidy for all type of projects for all categories of entrepreneurs shall be for a maximum period of 5 years or till the repayment of term loan whichever is earlier.

Various subsidies provided regarding the term loan is described in the Table 2.

Subsidy/Financial Support Mechanism

The scheme will have a two-tier structure for granting subsidies and assistance, as outlined in Annexure (iv). The process for screening and approving proposals will be as follows:

(a) District Level Screening and Sanctioning Committee (DLSC) will evaluate all projects seeking capital subsidy under the scheme. DLSC will approve capital subsidies for eligible projects costing up to Rs. 100 lakhs. Projects exceeding Rs. 100 lakhs will be sanctioned by the State Level Sanctioning and Monitoring Committee (SLSC).

(b) The committee that approved the capital subsidy will also sanction the interest subsidy after the commercial production/operations of the project commence.

(c) The lending institution/bank must provide a certificate confirming the payment of all due installments, along with interest as of the date of the certificate, before the interest subsidy is disbursed.

(d) DLSC will be responsible for sanctioning all applications for Freight/Transport subsidy.

(e) Claims for interest and freight subsidies must be submitted quarterly.

(f) Other incentives mentioned in point 'D' will be sanctioned by the SLSC.

(g) The entire process of subsidy/assistance/incentive submission and sanctioning will be online. However, a completed hard copy of the application, along with relevant documents, must be submitted to the member secretary of the respective committee within 15 days of online submission.

(h) The committee must dispose of the application within 60 days.

(i) If the DLSC fails to dispose of the application within the prescribed period, it will be transferred to the SLSC for sanctioning or disposal.

Table 1- Capital Investment Subsidy

| Category | Rate of Subsidy | Subsidy ceiling (Rs. in Lakhs) | Remarks |
|--|-----------------|--------------------------------|---|
| 1. Capital Investment Subsidy | | | |
| i. Farmers or their organization | 50% | 100 | No top up subsidy shall be allowed |
| ii. Entrepreneurs other than farmers or their organization | 25% | 50 | |
| 2. Top up Capital Investment Subsidy | | | |
| i. Farmers or their organization | 10% | 100 | Projects sanctioned under Pradhan Mantri Kisan Sampada Yojana/M IDH/ NHB Scheme of Government of India in Mega Food Parks, Agri Clusters declared by Government and, refer vehicle shall be eligible. Similar benefits shall also be available as top up subsidy for projects sanctioned under NHB/MIDH/MoFPI/ ISAM Scheme for Creating Primary Processing Centres / Collection Centres in Rural Areas for fruits & vegetables units or for other commodities/activities declared eligible by the Government. |
| ii. Entrepreneurs other than farmers or their organization | 10% | 50 | |

Table 4- Interest Subsidy on Term Loan

| Category | Rate of Subsidy | Interest Subsidy ceiling (Rs. in Lakhs) | Maximum Capital and Interest Subsidy Ceiling (Rs. in Lakhs) |
|---|-----------------|---|---|
| <ul style="list-style-type: none"> For all type of entrepreneurs | | | |
| <ul style="list-style-type: none"> For Agro-processing Units | 5% | 50 | 100 |
| <ul style="list-style-type: none"> For Agro infrastructural Projects | 5% | 100 | 150 |
| <ul style="list-style-type: none"> Units with 100% ownership of SC/ST or women entrepreneurs or young entrepreneur with age below 35 years | 6% | Agro processing - 50; Agro Infrastructural - 100 | Agro processing - 100; Agro Infrastructural - 150 |
| <ul style="list-style-type: none"> Units set up in the TSP or Backward districts notified by the Government from time to time | 6% | Agro processing - 50; Agro Infrastructural - 100 | Agro processing - 100; Agro Infrastructural - 150 |
| <ul style="list-style-type: none"> Units with 100% ownership of farmers or FPOs, FPCs or similar farmer organization | 6% | All type of projects - 100 | 200 |

Nodal Agency for the Policy

For the implementation of this policy, the Nodal Department will be the Department of Agriculture, under the Government of Rajasthan. The responsibility of executing the policy will be entrusted to the Rajasthan State Agricultural Marketing Board, acting as the Nodal Agency.

Amendments to the Policy

In the interest of the public, the State Government released a notification on May 26, 2022, which brought about amendments to the Rajasthan Agri-Processing, Agri-Business, and Agri-Export Promotion Policy, 2019.

Key Points:

(a). Under the Rajasthan Millets Incentive Mission announced in the 2022-23 budget, the first 100 millets processing units will receive incentives. They will be granted 50 percent of the eligible project cost, capped at a maximum grant of Rs 40 lakh per unit. However, for projects with grants exceeding Rs 40 lakh, a reduced grant of 25 percent will be provided.

(b). All projects to be approved in all District Level Screening Committees (DLSCs) and State Level Screening Committees (SLSCs) held after February 23, 2022, will be subject to this provision for the resolution of pending grant cases.

(c). The grant will be paid for units established under the Rajasthan Millets Incentive Mission until the mission period or the year 2023-24 or the completion of 100 units, whichever comes first. Once the target number of units is reached, the grant rate will apply to all pending applications according to the provisions of the 2019 Policy.

(d). Under the Rajasthan Food Processing Mission, applicants from all categories (including agriculturists, their organizations, and other eligible individuals) will receive a 50% grant for setting up food processing units. This initiative was announced in the 2022-23 budget.



(e). The grant is provided to units planning to establish themselves in specific districts of Rajasthan for the production of garlic, pomegranate, orange, tomato, gooseberry, and mustard. The districts included are Pratapgarh, Chittorgarh, Kota, Baran, Barmer, Jalore, Jhalawar, Bhilwara, Jaipur, Alwar, Bharatpur, Dholpur, Karauli, and Sawai-Madhopur. The grant will be applicable for the mission period or until 2023-24, whichever comes first.

(f). In the Jodhpur division, the first ten processing units focused on exporting cumin and isabgol will receive a capital grant of 50% of the cost, up to a maximum of Rs 2 crore. This grant will be applicable for the mission period or until 2023-24, whichever comes first.

(g). The grant process for units setting up Cumin and Isabgol under the mission will be determined separately. Once the target number of units specified in the mission is reached, the grant rate will apply to all pending applications in accordance with the provisions outlined in the 2019 Policy.

Ineligible Sectors under the Scheme:

Following sectors will not be eligible under Rajasthan Agro-processing, Agri-business & Agri-exports Promotion Scheme, 2019:

- Investment for manufacturing Tobacco products, Pan Masala containing tobacco, Gutka other intoxicated products
- Investment in stand-alone bottling or packaging plants including bottling/packaging plants for potable liquor, beer, or aerated drinks
- Beef Meat Processing units
- Manufacturing of soft drinks, production of mineral waters and other bottled/pouched waters
- Manufacturing or sizing of wood, manufacture of furniture and products made from wood and cork
- Production of firewood and charcoal
- Processing units discharging toxic effluent without having effluent treatment plant.

The State Level Sanctioning and Monitoring Committee (SLSC) has the authority to incorporate or exclude any sector or sub-sector from the scope of the Policy in order to promote comprehensive growth in the agriculture and allied sectors within the state.



Professionals Desk

Key Amendments to Financial Bill 2023: A Comprehensive Guide

Finance Minister Nirmala Sitharaman introduced The Finance Bill, 2023 in the Lok Sabha on 1 February 2023. Various presentations and inputs regarding the Finance Bill were received from several stakeholders. Based on these inputs, certain amendments have been proposed to the Bill. The Lok Sabha has approved the amendments to Bill. The bill is yet to receive the president's approval. The key amendments are following:

Various amendments were proposed to financial services sector.

Amendments to International Financial Service Sector (IFSC)

Tax rate on Interest income on stocks exchanges listed in IFSC:

Currently, TDS rate on interest in respect of money borrowed from a source outside India by way of issuance of long-term bond or rupee-denominated bond before 1 July 2023 and which are listed on stock exchanges in the IFSC is 4%. Now the rate is proposed to be increased to 9% the same issued on or after 1 July 2023.

Tax on Dividend:

According to the FBA 2023, dividend received by NR/ foreign company from a unit in the IFSC will be liable to 10% tax (plus applicable surcharge and cess) which was 20% earlier.

Non-applicability of surcharge and cess on 'Specified Funds':

Proposed in the FBA 2023, surcharge and cess will not be applicable while calculating advance tax on the income received from specified funds.

Extension of Tax holiday to Offshore Banking Units (OBU):

Currently, an OBU set up in a Specific Economic Zone can avail 100% tax deduction on their income for 5 consecutive years beginning with the AY relevant to PY in which relevant approval is obtained and 50% for the next 5 consecutive AYs.

Tax exemption for NRs from ODI:

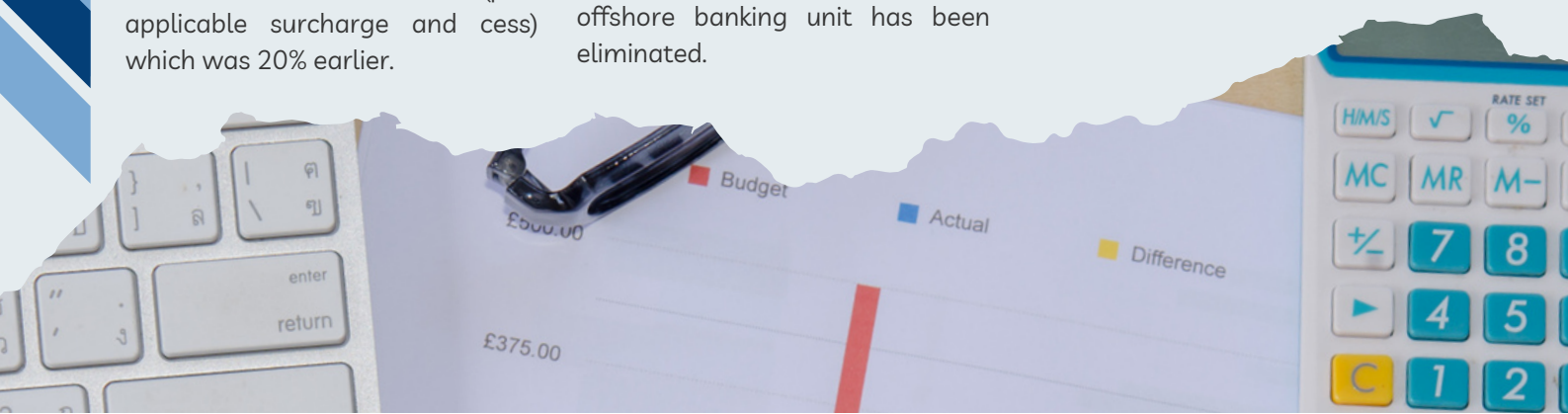
According to the Finance Bill, there was a proposal to grant an exemption to the income of non-resident individuals arising from the distribution of income on Offshore Derivative Instruments (ODIs). This exemption would apply to the extent that such income is taxable in the hands of the offshore banking unit operating in the International Financial Services Centre (IFSC) and registered as a 'Foreign Portfolio Investor'. However, under the provisions of the FBA 2023, the requirement for such income to be taxable in the hands of the offshore banking unit has been eliminated.

Offshore fund relocation to IFSC:

The FBA 2023 has expanded the definition of 'Original Fund' to encompass an investment entity where the Abu Dhabi Investment Authority (ADIA) holds exclusive ownership or beneficial interest, either directly or indirectly. This entity must be fully owned and controlled by either the ADIA or the Government of Abu Dhabi. Furthermore, the original fund category will also incorporate any funds that are notified by the central government.

Taxation of income received from business trust to its unit holders:

The initial version of the Finance Bill introduced a provision to tax the income distributed by business trusts, which includes Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InVITs) investing in Special Purpose Vehicles (SPVs), as repayment of debt for the unit holders. The taxable income would be determined by subtracting the acquisition cost of such units. However, the Amended Finance Bill now suggests a prescribed formula to ascertain the taxable amount in the hands of the unit holders.



Exemption given to Aircraft Leasing Entities:

- The capital gains earned from transfer of equity shares of a unit of an International Financial Services Centre (IFSC) or a unit engaged in leasing aircrafts by a non-resident is now eligible for a tax exemption. This exemption applies to the transfer of shares of a domestic company, which is a unit of an IFSC primarily involved in leasing aircrafts and has started its operations on or before 31 March 2026.
- To avail the exemption, the transfer of shares of the domestic company must occur within a period of 10 years, starting from the year of commencement of operations. However, if the business has already commenced before 1 April 2023, and the 10-year period ends before 1 April 2033, the exemption is applicable until the end of that 10-year period.
- Dividend income received by a unit located in the International Financial Services Centre (IFSC) and primarily engaged in aircraft leasing will be exempt from tax if it is received from another unit within the IFSC that is also primarily engaged in aircraft leasing.

Tonnage tax scheme for Ship leasing entities:

Ship leasing companies operating within an International Financial Services Centre (IFSC) have the option to choose the Tonnage Tax Scheme within three months after the conclusion of the tax holiday period specified under Section 80LA of the Income Tax Act (ITA).

Tax exemption to NRs having account with an Offshore Banking Unit(OBU) in IFSC:

The proposed exemption applies to income earned by non-residents from a portfolio of securities, financial products, or funds that are managed or administered by a portfolio manager on behalf of the non-resident. This income should be received in an account maintained with an Offshore Banking Unit (OBU) in an International Financial Services Centre (IFSC). The exemption is applicable to the extent that the income accrues or arises outside India and is not considered to accrue or arise within India. The Central Board of Direct Taxes (CBDT) will issue a notification in this regard.



Amendments regarding TDS on Online Game winnings:

The FBA has proposed a special provision for taxability on income from online gaming which was to be effective from 1 July 2023. Now it would be effective from 1 April 2023.

Rate of TCS:

As per FBA, the TCS rate for non-PAN holders and non-filers of tax returns shall be limited to 20%. This provision will be effective from 1 July, 2023.



Tax applicability on Market-linked Debentures and specified mutual funds:

As per 'Original Finance Bill,' capital gains resulting from the transfer, redemption, or maturity of Market-linked Debentures were intended to be subject to taxation as short-term capital gains at the relevant tax rates. The computation of capital gains will involve reducing the cost of acquiring the debenture and any expenses incurred solely or exclusively in relation to the transfer or redemption of the debenture from the sales consideration. Additionally, no deduction will be permitted for Securities Transaction Tax (STT). The 'Amended Finance Bill' introduces a broader scope by including Specified Mutual Funds. A 'Specified Mutual Fund' refers to a mutual fund that invests no more than 35% of its total proceeds in the equity shares of domestic companies. This provision will apply to Specified Mutual Funds acquired on or after 1 April 2023.

New Tax Regime (Default Regime):

Taxpayers who choose the new tax regime and have income exceeding INR 700,000 will be eligible for marginal relief if the tax calculated on income exceeding this threshold is higher than the marginal income.

CFO's Eye

SEBI issues norms regarding exclusion of investors from investing in schemes in AIFs

In 2020, SEBI introduced templates for Private Placement Memorandum (PPM) for Alternative Investment Funds (AIFs) to ensure the disclosure of minimum information in a simple and comparable format to investors. Recently, SEBI has decided to provide guidelines on two specific disclosures in the PPM.

1. SEBI has introduced guidelines for excusing or excluding investors from particular investments of AIFs. This is aimed at addressing inconsistencies and inadequate disclosures related to the 'excuse and exclusion' clauses in the template PPM.

2. SEBI has laid down directions for the direct plan of AIF schemes and the trail model for distribution commission in AIFs. This move aims to address concerns such as potential double charges to investors and reduce mis-selling and high commission charges. The objective is to ensure parity with other SEBI products and offerings. These guidelines and directions from SEBI aim to enhance transparency, standardization, and investor protection in the AIF industry.

ICSI issues the revised format for Annual Secretarial Compliance Report(ASCR)

The Institute of Company Secretaries of India (ICSI) has revised the format of the Annual Secretarial Compliance Report (ASCR) to simplify its issuance by Practising Company Secretaries (PCS). The revision is in response to SEBI's regulation requiring listed

entities and their material unlisted Indian subsidiaries to include an ASCR in their annual reports.

SEBI, through a circular in October 2019, specified provisions related to the resignation of statutory auditors from listed entities and their material subsidiaries that should be incorporated in the ASCR.

Additionally, both BSE Ltd. and NSE Ltd., the stock exchanges, have issued circulars in March and April 2023, respectively, outlining additional affirmations that PCS must include while submitting the ASCR.

Considering these developments, the ICSI has recognized the need to provide a comprehensive format that consolidates all the amendments. This step aims to facilitate PCS in issuing the ASCR by streamlining the compliance process.



SEBI issues 'Cyber Security and Cyber Resilience Framework' for Portfolio Managers

SEBI has introduced a cybersecurity and Cyber Resilience framework for all portfolio managers having an asset worth of at least Rs 3,000 crore. As per the new norms, portfolio managers are required to report any instances of cyber-attacks or



breaches encountered by them within 6 hrs. of detecting such incidents.

Portfolio managers must have a Recovery Time Objective and a Recovery Point Objective of not more than 4 hrs. and 30 min. The new guidelines shall be effective from 01.10.2023.

Further, the framework suggests a five-point process to identify, assess, and manage cyber security risks associated with processes, information, networks, and systems –

- (a) Identify' critical IT assets and risks associated with such asset
- (b) Protect' assets by deploying suitable controls, tools, and measures
- (c) Detect' incidents, anomalies, and attacks through appropriate monitoring tools/processes,
- (d) Respond' by taking immediate steps after identification of the incident, anomaly, or attack
- (e) Recover' from incident through incident management, disaster recovery, and business continuity framework.

Also, Portfolio Managers should conduct periodic training programs to enhance awareness level among the employees and outsourced staff, vendors, etc. on IT / Cyber security policy and standards. Special focus should be given to build awareness levels and skills of staff from non-technical disciplines.

Systems & forensics

ChatGPT: A Potential Gateway to Digital Trust and the Audit Function Fraud?

The emergence of ChatGPT, a powerful conversational AI language model developed by OpenAI, has introduced new possibilities and challenges. While the model has showcased remarkable abilities, there is growing concern that it could be exploited as a gateway to fraud.

Malicious actors have begun utilizing ChatGPT for nefarious purposes. On the dark web, discussions about leveraging the AI tool for malware creation and other cybercrimes have surged. Fraudsters can use ChatGPT to generate convincing phishing emails, making it difficult for recipients to discern genuine messages from fraudulent ones. Furthermore, the AI's potential for creating sophisticated and ever-evolving malware poses a significant threat to cybersecurity. Cryptocurrency fraud has also seen a rise with ChatGPT. Cybercriminals have exploited the model to simplify the creation of dark web marketplaces and payment systems, increasing the potential for financial scams.

Additionally, romance fraudsters have started utilizing ChatGPT to engage with multiple victims simultaneously, leveraging its ability to generate charming and convincing messages.

While OpenAI has implemented measures to prevent malicious usage, cybercriminals continue to find ways to exploit ChatGPT's capabilities.

Addressing this issue requires collaboration between AI developers, cybersecurity experts, and law enforcement agencies. Proactive efforts, including technological advancements, regulatory frameworks, and increased public awareness, are necessary to mitigate the risks posed by ChatGPT as a potential gateway to fraud. By staying ahead of cybercriminals, we can ensure that AI technology is used for the betterment of society rather than facilitating fraudulent activities.

Source: ISACA Journal / 2023/Vol 2

Future generations will demand increasing trust from organizations they engage with. To build this trust, organizations must lay foundations while acknowledging the complexities and uncertainties involved. All stakeholders in digital transformation have the power to shape the conversation on digital trust and contribute to a more trustworthy future.

Tracking developments in digital ecosystems is crucial to achieving success based on digital trust. Understanding these ecosystems requires embracing the latest technologies. Conducting a technology audit plays a key role in ensuring digital trust among stakeholders by facilitating assured transactions.

To establish digital trust as an integral part of the business model, organizations need to prioritize customer confidence when handling their data. This involves implementing robust internal audits to ensure the ethical development and implementation of automated and intelligent technologies. Building trust from the outset is essential, rather than relying on retroactive audits.

Digital trust is built on trustworthy systems, high-quality business performance, and efficient design and monitoring procedures. As it becomes an increasingly influential factor in consumer decision-making, maintaining business resilience in the digital era hinges on fostering digital trust. Looking ahead, digital trust will only grow in importance, making it a vital aspect of organizational success.

[ACFE Fraud Magazine Featured article](#)



**FRAUD
PREVENTION**

Glossary

AY

Assessment Year

BRSR

business Responsibility and Sustainability Report

CBDT

Central Board of Direct Taxes

CBIC

Central Board of Indirect Taxes

EFCI

Eligible Fixed Capital investment

ESG

Environmental, Social and Governmental

FY

Financial year

GTA

Goods Transport Agency

HSN

Harmonized System of Nomenclature

ICAI

Institute of Chartered Accountants of India

Ind AS

Indian Accounting Standard

INR

Indian National Rupee

ISD

Input Service Distributor

ITAT

Income Tax Appellate Tribunal

ITC

Input Tax Credit

ITD

Income Tax Department

ITR

Income Tax Return

KMP

Key Managerial Personnel

LLP

Limited Liability Partnership

MCA

Ministry of Corporate Affairs

NTA

National Testing Agency

PAN

Personal Account Number

QRMP

Quarterly Returns with Monthly Payments

RCM

Reverse Charge Mechanism

RIPS

Rajsthan Investment Promotion scheme

SEBI

Securities and Exchange board of India

SGST

State Goods and Service Tax

TCS

Tax Collected at Source

G L O S S A R Y

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