

NYCA's

The ReCap

A news to clear your doubts

A Monthly E-Newsletter

April, 2023 / Vol 12






For use by clients and firm personnel only

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KEY METRICS

Indices

BSE SENSEX	58,991	00.05%	
NSE NIFTY50	17,360	00.32%	
NASDAQ Composite	12,222	06.69%	

Currency

USD/INR	82.16	0.58%	
EURO/INR	89.05	1.89%	
GBP/INR	101.33	2.01%	

Note: The month-on-month movement as on March 31, 2023 is represented in percentages Source: Yahoo Finance, Investing.com



COMPLIANCE ALERT

1st April

Audit Trail - Accounting Software

7th April

TCS payment | TDS payment by Government offices

10 April

GSTR-7 | GSTR-8 for March 2023

11th April

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

13th April

GSTR-1 for QRMP for the quarter of Jan - Mar, 23

13th April

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

13th April

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

14th April

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

15th April

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

15th April

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

15th April

Form No. 15CC- Quarterly statement in respect of foreign remittances

18th April

CMP-08 Quarterly Challan-cum-statement by Composition dealers

20th April

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 Jan - Mar, 23

20th April

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

25th April

ITC -04 - AATO more than 5 Cr. - Half Yearly form Oct-March, 2023 | ITC -04 - AATO less than 5 Cr. - FY 22-23

30th April

TDS payment for Mar, 2023

30th April

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

30th April

MSME-1 Half yearly return need to file by specified companies regarding their outstanding payment to MSME

30th April

E-filing of a declaration in Form No. 61

30th April

TDS for Jan - Mar 23 - AO Permitted

30th April

Uploading declarations received from recipients in Form. 15G/15H for Jan-March, 2023



Direct Tax

Notifications / Circulars

CBDT notifies relaxation e-filing of Form 10F for Non-Resident Indians without PAN, date extended to September 30, 2023

The Central Board of Direct Taxes (CBDT) issued a notification on July 16, 2022, making it mandatory for taxpayers to electronically furnish Form 10F. However, non-residents without PAN have faced difficulties complying with this requirement. To address this hardship, the CBDT allowed non-residents exempt from having a PAN to manually file Form 10F until March 31, 2023. Due to continued practical challenges and to alleviate genuine hardship faced by such taxpayers, the CBDT has decided to extend the relaxation until September 30, 2023. This category of taxpayers may continue to file Form 10F in manual form until September 30, 2023, as was previously done.

F. No. DGIT(S)-ADG(S)-3/e-Filing Notification/Forms/2023/ 13420 dated March 28, 2023

Income Tax department rolls out mobile app 'AIS for taxpayer' to view information available in AIS/TIS

The Income-tax Department has recently introduced a mobile application called "AIS for Taxpayer." The main objective of this app is to assist taxpayers in

accessing their Annual Information Statement (AIS) or Taxpayer Information Summary (TIS) with ease. The app is readily available for download on both Google Play and App Store.

By using this app, taxpayers can access a comprehensive view of their AIS/TIS, which encompasses information collected from various sources related to the taxpayer. This move is anticipated to simplify the process of accessing vital tax-related information for taxpayers.

PRESS RELEASE, DATED 22-3-2023

CBDT takes up 68,000 cases under e-Verification Scheme

The Central Board of Direct Taxes (CBDT) has issued notification No. 137/2021 on December 13, 2021, to introduce the e-Verification Scheme, 2021. The scheme aims to detect financial transaction information that appears to be unreported or under-reported in a taxpayer's Income-tax Return (ITR) and verify it with the taxpayer.

If a mismatch persists between the amount reported by the reporting entity and the amount accepted by the assessee, the information will be subjected to a risk management strategy by the Board. If the information is found to be of low or no risk, it will be processed for closure.

The CBDT has identified around 68,000 cases involving financial

transactions in FY 2019-20 for e-Verification through an e-campaign. Out of these, e-Verification has been completed in approximately 35,000 cases, while the remaining cases are still under verification.

PRESS RELEASE, DATED 13-3-2023

CBDT notifies Income Tax exemption to IBBI under section 10(46) of IT Act

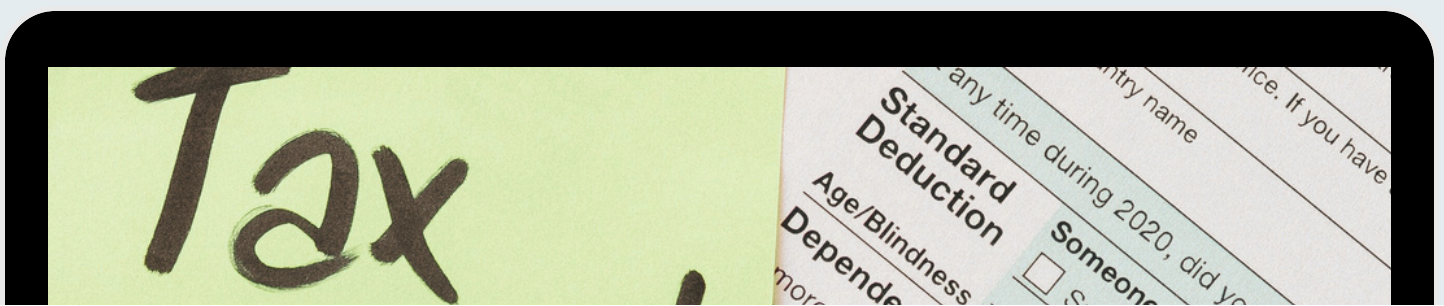
The Central Board of Direct Taxes (CBDT) has issued a notification granting an exemption under section 10(46) to the Insolvency and Bankruptcy Board of India, which is a board established by the Central Government. This exemption covers grants-in-aid received from the Central Government, as well as fees, fines, and interest income accrued under the Insolvency and Bankruptcy Code, 2016.

NOTIFICATION S.O. 947(E) [NO. 09/2023/F.NO.300196/39/2021-ITA-I]

CBDT extended last date for linking PAN to Aadhar till 30 September

Due the challenges faced by taxpayers and other stakeholders, the Central Board of Direct Taxes (CBDT) has extended the deadline for linking PAN (Permanent Account Number) and Aadhaar. Taxpayers now have until June 30, 2023, to link their PAN with Aadhaar without any repercussions.

PRESS RELEASE, DATED 28-3-2023



Judicial Rulings

Sec. 50C not applicable on compulsory acquisition of land by NHA as stamp duty isn't payable on such transfer: Hon'ble SC

The court held that Section 50 of the Act is meant to regulate transactions where the true market value is concealed by the parties involved. However, since the transfer of the land was not a result of a mutually agreed-upon transaction but rather due to government acquisition, there is no reason to doubt the accuracy of the value presented in the sale documents. It is well-known that compensation for government acquisition is usually less than the market value due to various factors considered in determining value. Therefore, the Act provides for appeals and other remedies in cases where the compensation offered is insufficient. As such, there is no basis for invoking Section 50C of the Act in this matter.

[2023] 148 taxmann.com 50 (Calcutta)[24-02-2023]

Salary received in India for service provided in USA during short term assignment not taxable in India: ITAT

The Hyderabad bench of Income Tax Appellate Tribunal (ITAT) has ruled that ITAT Hyderabad held that the salary received by the assessee in India for the services rendered in USA are not liable to tax in India as article 16 of DTAA would prevail over section 5(2)(a) of the Income Tax Act.

ITA-IT No. 369/Hyd/2022 Order dated: 28-03-2023

HC stated: No need to examine foreign laws while allowing sec. 10(23C) claim if assessee receiving funds from outside India.

The court held that denial of exemption under section 10(23C)(vi) of the Income Tax Act solely on the grounds that the amount was received from a foreign entity is not justified. It was established that the trust in question was established exclusively for educational purposes and not for earning profits. Therefore, there is no requirement to conduct transnational verification or examine the laws and practices of other countries to complete an assessment.

[2023] 148 taxmann.com 251 (Bombay)[08-03-2023]

Circular 06/2016 on treating shares as stock-in-trade to have retrospective effect: HC

The High Court has ruled that the long-term shares in question were held as investments, as accepted by the Assessing Officer (AO) in previous assessment years. The Court has also referenced Circular No. 6/2016 issued by the CBDT, which clarifies the taxability of surplus on the sale of shares and securities as capital gains or business income. The Circular states that an assessee may have both an investment and trading portfolio, and if listed shares and securities are held for over 12 months, the income arising may be treated as capital gains without dispute from the AO. The circular's benefits apply to subsequent assessment years as well, and the AO cannot take a different view without fresh material warranting such a departure.

The circular was issued to address disputes on distinguishing shares held as investments from those held as stock-in-trade. As such, the Court has held that the circular's benefits should be extended to the assessee, even though it was issued later, with retrospective effect.

[2023] 148 taxmann.com 301 (Calcutta)[14-03-2023]

SC sets Limitation period u/s 158BE to complete block assessment starts from the last Panchnama drawn

The Supreme Court of India recently made a ruling in the case of Anil Minda and others regarding the starting point of the two-year limitation period for completing block assessment proceedings under Sections 158BC/158BE of the Income Tax Act. The issue was whether the period of limitation would commence from the date of the Panchnama last drawn or the date of the last authorization. The assessee argued that the limitation period ended in March 2003 since the Panchnama was drawn on 26.03.2001, while the department argued that it ended in April 2003 since the last Panchnama related to search authorization dated 13.03.2001 was executed on 11.04.2001. The Division Bench of Justices MR Shah and CT Ravikumar held that the date of the Panchnama last drawn is the relevant date and the starting point of the limitation period for completing the block assessment proceedings. The bench relied on the judgment in VLS Finance Limited, which held that the relevant date is the date on which the Panchnama is drawn and not the date on which the authorization/s is/are issued.

[2023] 148 taxmann.com 407 (SC) [24-03-2023]



Indirect Tax

CBIC issued clarification regarding application of GST rates and classification of RAB

The CBIC has provided a notification stating that a 5% GST rate will be applied to Rab when sold in pre-packaged and labelled form, while Nil GST will be applicable when sold in other forms, starting from March 1, 2023, based on the recommendation of the GST council's 49th meeting held on February 18, 2023. The CBIC has now clarified that due to conflicting interpretations and valid concerns regarding the applicability of GST rate on Rab in the past, the issue will be resolved on an "as is" basis.

Circular No. 191/03/2023-GST dated March 27th, 2023

Coal rejects supplied to Coal Washery not subjected to Compensation Cess: CBIC

The CBIC has released a notification that extends the exemption benefit for coal rejects supplied to coal washery, which is a by-product of coal on which compensation cess has been paid, and no input tax credit has been availed by anyone. As a result of this amendment, coal washeries are entirely exempted from the compensation cess liability regarding the supply of coal rejects. However, the responsibility of compensation cess payment will continue to fall on power plants.

Notification No. 1/ 2023-Compensation Cess (Rate) dated February 28th, 2023

12% GST will be applicable on pencil sharpeners w.e.f. 1 March, 2023: CBIC

The CBIC has released a notification stating that pencil sharpeners will be subject to a 12% tax rate w.e.f. 1st March, 2023, which marks a decrease from the previous 18%. Additionally, pre-packaged and labeled Rab will now be taxed at a 5% rate following the GST Council's recommendation for a rate reduction due to its liquid form and jaggery properties.

Notification No. 03/2023 -Central Tax (Rate) dated February 28th, 20233

Key GST Amendments to the Financial Bill, 2023

The Finance Bill 2023 has been passed by Lok Sabha on March 24th. The key amendments are:

(i) The category of persons who may be exempted from obtaining registration, notwithstanding anything to the contrary contained in Sections 22(1) or 24 of the Central GST Act, 2017 shall be as notified by the Government.

(ii) Time limit and manner for filing application seeking revocation of cancellation of GST registration to be as notified by Government and subject to conditions and restrictions as may be prescribed. This was earlier 30 days.

(iii) Best judgement assessment Order shall be deemed to be withdrawn if the taxpayer files the returns within a period of 60 days of the service of said Order. The time limit can be further extended for 60 days subject to the payment of late fees of INR 100 per day.

(iv) Transportation of goods, other than by way of mail or courier, to be taxed based on the location of recipient of services.

(v) Detailed provisions brought in for constitution of benches of GST Appellate Tribunals and composition thereof.

Services provided by Courts and Tribunals are taxable under RCM: CBIC

The CBIC has issued a notification regarding services provided by Courts and Tribunals. It has notified that services provided by the Courts and Tribunals shall be covered under RCM and provisions of RCM notification shall apply to Courts and Tribunals as they apply to the Central Government and State Governments. This notification shall come into the force with the effect from 1st March, 2023.

Notification No. 02/2023 -Central Tax (Rate) dated February 28th, 20233

NTA to be considered as educational institution for entrance exam conduct: CBIC

The CBIC issued a notification stating that any institution set up by Central or State govt. including NTA for conduct of entrance exams for admission to educational institution shall be considered as educational institution for solely purpose of providing services related to the conduct of entrance exams. As a result, these services will be exempt from GST.

Notification No. 01/2023 -Central Tax (Rate) dated February 28th, 2023



Judicial Rulings

Genuineness of transaction of needs to be proved for ITC claim: Hon'ble SC

The Hon'ble Supreme Court has quashed and set aside order passed by the Hon'ble Karnataka High Court. The basis for this decision was that, according to Section 70 of the Karnataka Value Added Tax Act, 2003, the burden of proof falls on the purchasing dealer to provide evidence of the authenticity of a transaction, including details such as the selling dealer's name and address, vehicle information, freight charges, proof of delivery, and tax invoice details. Without this evidence, the purchasing dealer is not eligible for Input Tax Credit (ITC). The Supreme Court has restored the Revenue Department's initial order.

[State of Karnataka v. M/s. Ecom Gill Coffee Trading Pvt. Ltd. [Civil Appeal No. 230 of 2023 dated March 13, 2023]

ITC return can't be rejected without giving opportunity of being heard to the assessee: Rajasthan HC

The Rajasthan High Court has invalidated and overturned the decision that rejected the refund claim for accumulated Input Tax Credit (ITC). The court based its decision on the grounds that the taxpayer was denied the opportunity of a fair hearing by the Revenue Department. The court emphasized the well-established principle that a lack of natural justice at the initial authority cannot be rectified by the presence of natural justice at the appellate body. Consequently, the court granted the writ petition and annulled the challenged order. The matter was then

remanded back to the adjudicating authority with instructions to adhere to the provisions outlined in Rule 92(3) of the Central Goods and Services Tax Rules, 2017 (the CGST Rules).

[D. B. Civil Writ Petition No. 5460/2020]

No benefit for the dealer who intentionally undervalued his goods to deceive the law: HC

In the case of M/s. Radha Fragrance v. Union of India and Others [Writ Tax No. 427 of 2019 dated February 14, 2023], the Hon'ble Allahabad High Court upheld the detention of goods and imposition of tax and penalty on the assessee. The reason for this was that the assessee was transporting a large quantity of goods without an e-way bill, by reducing the value of the goods below the threshold limit. The court clarified that the requirement to download an e-way bill is only waived for small trades where the value is minimal. However, this exemption does not permit the assessee to undervalue the goods with the intention of avoiding detection by the Revenue Department when uploading the same on the Web-Portal.

[W.P.[2023] 148 taxmann.com 431 (Allahabad)[14-02-2023]

Minor E-way Bill Discrepancies no Longer Grounds for Detention of Goods and Vehicles

The case involved a petitioner engaged in the manufacturing and sale of aerated water and fruit juice-based drinks. During a stock transfer, the petitioner's goods were intercepted and their vehicle detained by a mobile squad on the grounds of a discrepancy in the

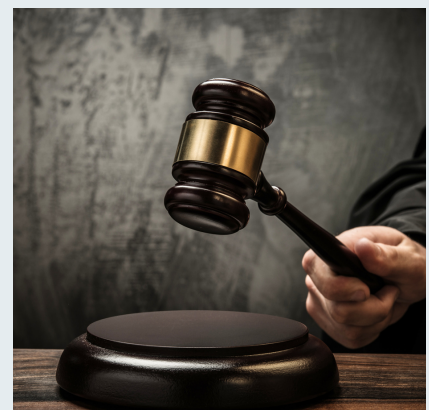
e-way bill's vehicle number. The department imposed a penalty, which was unsuccessfully appealed by the petitioner. Consequently, the petitioner filed a writ petition contesting the detention and penalty. The High Court, after reviewing the case, observed that the stock transfer was not disputed, and there was no intention to evade taxes by the petitioner. Additionally, the court noted that the wrong vehicle number on the e-way bill was a human error, which is covered under CBIC Circular No. 41/15/2018-GST dated 13-4-2018 and 49/23/2018-GST dated 21-6-2018. Based on these findings, the court held that the penalty and detention were unsustainable and liable to be set aside.

[2023] 147 taxmann.com 341 (Allahabad)[18-02-2023]

GST portal glitches can't be technical ground for Appeal rejection: HC

The Hon'ble high court has ruled that the appeals filed by the petitioner can't be rejected if the same has not submitted the hard copy of the order within the seven days from the date of filing the appeal as it is only the technical defect.

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



Corporate & Allied Laws

Notifications / Circulars

SEBI sets time limits for FPIs to disclose information to Board and DPs

SEBI (Foreign Portfolio Investors) (Amendment) Regulations, 2023 has introduced changes to regulations 22 and 31 of SEBI (Foreign Portfolio Investors) Regulations, 2019. The updated regulation 22 now mandates foreign portfolio investors (FPIs) to notify the Board and designated depository participants (DPs) within 7 working days of any material change in information previously furnished by them, including any changes in the FPIs' ownership or control. FPIs are also required to maintain accurate details of their investor group with DPs at all times.

The updated regulation 31 mandates all designated depository participants who have been approved by the Board to inform the Board within 2 working days if any information or particulars previously submitted to the Board are found to be materially false or misleading. Additionally, if any penalty, pending litigation or proceedings, findings of inspections or investigations have been taken or are in the process of being taken against a designated depository participant, then DPs must inform the Board, depositories and stock exchanges within 2 working days.

NOTIFICATION NO. SEBI/LAD-NRO/GN/2023/128, DATED 14-3-2023

MCA notifies the Companies (Indian Accounting Standards) Amendment Rules, 2023

The Ministry of Corporate Affairs has notified the Company (Indian Accounting Standards) Amendment Rules. The notification contains various amendments, insertions, and definitions related to following rules:

- Ind AS 1 (Presentation of Financial Statements)
- Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)
- Ind AS 12 (Income Taxes)
- Ind AS 34 (Interim Financial Reporting)
- Ind AS 101 (First-time adoption of Indian Accounting Standards)
- Ind AS 102 (Share based payment)
- Ind AS 103 (Business Combinations)
- Ind AS 107 (Financial Instruments Disclosures)
- Ind AS 109 (Financial Instruments)
- Ind AS 115 (Revenue from Contracts with Customers)

These rules shall be applicable from the new financial year beginning on or after 01.04.2023

Companies (Indian Accounting Standards) Amendment Rules, 2023

SEBI introduces definition of 'non-independent director' under SEBI regulations

SEBI has released amended regulations for the SEBI (Depositories and Participants) Regulations, 2023, which include a fresh definition for a non-independent director as someone chosen or designated by shareholders who are not associates or agents of depository participants. The updated definition of KMPs encompasses reporting officials and those defined as KMPs under the Companies Act 2013. The governing board of a depository must have qualified and experienced directors in various areas, and while specific qualifications may be considered, the board must comprise members with the necessary qualifications and experience. Additionally, the Board must include at least one public interest director in each relevant area of expertise to ensure adherence to high standards of ethics, transparency, and accountability. A code of conduct for depositories and participants has also been prescribed by SEBI.

NOTIFICATION NO. SEBI/LAD-NRO/GN/2023/125

**CORPORATE
LAW**

Policies & Schemes

Benefits to Industrial sector in RIPS 2022

What is RIPS 2022

Launched on October 7th, 2022 by Rajasthan Government, RIPS 2022 aims to create employment opportunities and promote development in rural and underdeveloped area across the state. Under this scheme, there are 8 focused categories. State govt. will assist all focused category to maximize favorable externalities in the state.

Manufacturing Sector

Various incentive packages have been announced for the focused sectors. Incentive packages to the Manufacturing sector can be summarized as:

- A. Standard Package
- B. Additional or specific package for thrust sector

Eligibility Criteria for Manufacturing Sector

Any manufacturing enterprise (excluding negative list manufacturing units) investing minimum amount of INR 50 Crore will be eligible for the benefits of complete standard package as per the policy.

Additionally,

- If a manufacturing unit brings a minimum investment of INR 300 Crore or generate a minimum employment of 250 persons, will be fall in a mega project category and provided the investment more than INR 150 Crore will eligible for all incentive as part of their respective slab.

- If a manufacturing unit brings a minimum investment of INR 1000 Crore or generates a minimum employment of 750 persons, will fall in an ultra mega project category and provided the investment of more than INR 500 Crore will be eligible for all incentives as part of their respective slab.

This policy will be applicable for both a new unit and the expansion of the existing facility.

To qualify for the standard package benefits under the Large project category, the expansion of the investment must be at least 25% of the existing investment, and it must also increase the minimum production capacity by 20% of the current capacity. Meeting both of these conditions is necessary for eligibility.

Hence, the eligibility criteria is defined under the policy in three categories:

1. Large Category
2. Mega Category and
3. Ultra Mega category

The eligibility criteria can be better understood from Table 1.

Benefit for Manufacturing Sector

All the benefits given to Manufacturing sector under RIPS 2022 can be described in three parts.

- Part 1: Asset Creation Incentive
- Part 2: Special Incentive
- Part 3: Exemptions

Part-1: Asset Creation Incentive

One option can be availed from given three options.

OPTION-1: INVESTMENT SUBSIDY (SGST Reimbursement):-

Investment subsidy of 75% State tax due and deposited for a period of seven years with a ceiling amount INR 50 Crore per annum for first three years and INR 65 Crore per annum for 4-7th years.

OPTION-2: CAPITAL SUBSIDY:-

Eligible manufacturing sectors are eligible for capital investment for investments made in eligible fixed assets defined in the scheme. the capital subsidy will be given @ of 13 to 28 percentage based on the investment size and area category/location shown in the table 2.

The subsidy will be disbursed in 10 years installment subject to annual ceiling limit of:

- For First three years- Rs. 50 Cr per annum
- For 4-7 years- Rs 65 Cr per annum
- For 8-10 years- Rs, 80 Cr per annum

Option-3: TURNOVER LINKED INCENTIVE:-

Rajasthan state introduce turnover linked incentives for the first time in RIPS 2022 to promote the manufacturing sectors. It can be availed after the commercial production start. It will be given based on the investment category and location of the project shown in the table 3.



Govt. will provide 1-1.2% of sales turnover for the period of 10 years with a annual ceiling amount as following:

- For first three years- Rs 50 Cr per annum
- For 4-7 years- Rs 65 Cr per annum
- For 8-10 years: Rs 80 Cr per annum

Part-2: Special Incentives

All special incentives are applicable for investments more than Rs 50 Cr. Moreover, Special incentives amount will not be more than annual ceiling value. The special incentives given to eligible enterprises are as following:

1. Employment Booster Incentive: The enterprise will be eligible for this special incentive if the employment generation exceeds 1.5x the minimum threshold. The employment booster incentive will be given as per the table 4.

2. Green Incentive:

To promote sustainable industrial development with economic growth Govt. introduced green incentive. The policy offers incentives for solutions to promote greater adherence to environment standard and support constructions to reduce air and water pollution.

3. Cluster Incentive:

If a group/cluster of enterprises invests minimum Rs 500 Cr within a radius of 50 km, will be eligible for cluster incentive.

4. Freight Subsidy:

Exporting units that are registered in the state of Rajasthan can receive a freight subsidy for transporting goods from the state's Inland Container Depot (ICD) to gateway ports. The subsidy amount will be either INR 10,000 or INR 20,000 per 20-foot

or 40-foot container, respectively, or 25% of the total freight expenses, whichever is lower. However, the maximum subsidy per year will be limited to INR 20 lakh.

5. Training and skilling incentive:

Enterprises can avail skilling support in form training subsidy of Rs 4000 per worker per month for 6 months for training given in Rajasthan.

Part-3: Exemptions

The eligible manufacturing enterprises will also get the following mentioned exemption benefits under the RIPS 2022:

- Exemption from payment of 100% of electricity duty for seven years.
- Exemption from payment of 100% of Land Tax for seven years,
- Exemption from payment of 100% of Market Fee (Mandi Fee) for seven years,
- 100% Stamp Duty benefit will be given in stages as notified in the State,
- 100% conversion charges benefits given in stages as notified by the State.

Additional Benefits for Thrust Sectors Manufacturing Enterprises:

The state of Rajasthan has identified the promotion of a particular category of mature manufacturing sectors, which possess a considerable market size and offer high potential for job creation, as a key priority. To achieve this goal, the state is emphasizing the development of a robust ecosystem advantage through leveraging and building various resources. Furthermore, the state is offering an additional

incentive of 10% over the chosen asset creation incentive option from the Standard Package, known as the "Thrust Sector Top Up," to encourage investment in these priority sectors.

The focus manufacturing thrust areas under RIPS 2022 are as following:

- Agri & Food Processing
- Dairy
- Textiles
- Apparels
- Handicraft
- Leather, Footwear and Accessories
- Gems & Jewellery
- Automobile, Electric Vehicle (EV) & Auto- Component
- Petrochemicals & Petroleum Ancillary
- Chemicals
- Pharmaceuticals
- Minerals
- Ceramics
- Glass
- Biodegradable Plastic Substitutes
- Electronics System Design and Manufacturing (ESDM)
- Industrial Gases
- Renewables
- Defense



Table 1- Eligibility criteria for Manufacturing enterprises

Sr. No.	Project Category	Defined by Investment range	OR	Defined by combination of investment and employment
1.	Large	Maximum INR 50 Cr. to Maximum 300 Cr.		Minimum investment of INR 50 Cr. + 100 Employment
2.	Mega	Minimum INR 300 Cr, to Maximum INR 1000 Cr,		Minimum Investment of INR 150 Cr, + 250 Employment
3.	Ultra Mega	Above INR 1000 Cr.		Minimum investment of INR 500 Cr, + 750 Employment

Table 2-Variou s Capital Subsidy given to Enterprises

Size of Investment	OR	Employment Generation	Location or Area Category		
			Area Category 1	Area Category 2	Area Category 3
Large 50-300 Crore	OR	100 with minimum investment of 50 Crore	13% of EFCI to be disburse in 10 annual intallments	17% of EFCI to be disburse in 10 annual intallments	20% of EFCI to be disburse in 10 annual intallments
Mega 300-1000 Crore		250 with minimum investment of 150 Crore	17% of EFCI to be disburse in 10 annual intallments	20% of EFCI to be disburse in 10 annual intallments	23% of EFCI to be disburse in 10 annual intallments
Ultra Mega 1000 Crore and above		750 with minimum investment of 500 Crore	23% of EFCI to be disburse in 10 annual intallments	25% of EFCI to be disburse in 10 annual intallments	28% of EFCI to be disburse in 10 annual intallments

Table 3-Turnover Linked Incentive to Enterprises

Size of Investment	OR	Employment Generation	Location or Area Category		
			Area Category 1	Area Category 2	Area Category 3
Large 50-300 Crore	OR	100 with minimum investment of 50 Crore	1.2 of net sales turnover for the period of 10 years	1.4% of net sales turnover for the period of 10 years	1.65% of net sales turnover for the period of 10 years
Mega 300-1000 Crore		250 with minimum investment of 150 Crore	1.4 of net sales turnover for the period of 10 years	1.65% of net sales turnover for the period of 10 years	1.85% of net sales turnover for the period of 10 years
Ultra Mega 1000 Crore and above		750 with minimum investment of 500 Crore	1.65% of net sales turnover for the period of 10 years.	1.85% of net sales turnover for the period of 10 years	2% of net sales turnover for the period of 10 years

Table 4-Employment Booster Special Incentive to Enterprises

Particulars	Slab 1	Slab 2	Slab 3
Employment Slab in multiple threshold	1.5x-2x	2x-2.5x	Above 2.5x
% Booster on selected incentive under the scheme i.e. Capital subsidy, turnover Llnked Incentive or SGST Reimbursement	10%	12.5%	15%

Professionals Desk

Key points to consider from GST Aspect in March, 2023

As the financial year 2022-23 has come to end this March, there are some aspects that taxpayers should consider before the ending of this financial year.

Billing Series

Each Business should start new billing series for financial year 2023-24 effective from 1 April, 2023.

E-Invoicing

Companies whose combined annual turnover has exceeded Rs.10 crore at any time during the preceding financial years between 2017-18 and 2022-23, are required to generate e-invoices for their business transactions from 1 April, 2023.

GST Refunds

Taxpayers who have overpaid GST in certain situations can apply for a GST refund through a simplified process. To ensure timely receipt of the refund, taxpayers must accurately complete the required paperwork and submit it. Upon approval, the refund will be directly deposited into their bank accounts as per the GST refund procedure. It is crucial to keep in mind that the deadline for applying for a GST refund is March 31, 2023.

- ITC refund for exports under Letter of Undertaking (LUT)

- Refund of Input Tax Credit (ITC) for inverted duty structure
- Refund for deemed export supplies
- Supplies to Special Economic Zone (SEZ) units and developers
- Refund due to overpayment resulting from an error
- Finalization of Provisional Assessment
- Refund of Central GST (CGST) and State GST (SGST) paid by considering the supply as Intra-State
- if the supply has been considered as inter state supply.

Letter of Undertaking (LUT) Supply to Special Economic Zone (SEZ)/ Export

As per the CGST Rule-2017 and GST Notification No. 16/2017 dated 07-07-2017, registered individuals who wish to export goods or services without paying IGST must furnish a bond or a Letter of Undertaking (LUT) through the designated GST RFD-11 form. In simpler terms, all registered taxpayers exporting goods are required to submit a LUT in the GST RFD-11 form to export goods without paying IGST. It is worth noting that the LUT application must be completed by March 31, 2023 or prior to exporting goods to SEZ.

GST Composition Scheme

The GST Composition Scheme is designed to offer a reduced tax rate for small taxpayers. To be eligible for this scheme in the financial year 2023-24, individuals must either opt in or opt out by March 31, 2023, using Form CMP-02. This form is applicable to both goods suppliers and service providers. As per GST Notification 14/2019, the threshold turnover limit for qualifying as a small taxpayer has been increased to Rs. 1.5 Crores in specific cases, which is an increase from the earlier limit of Rs. 1 Crore.

Quarterly Return Monthly Payment (QRMP) Scheme in GST

Businesses or individuals with a combined turnover of up to Rs 5 Crore and who are registered under the GST are allowed to file their GST returns quarterly, while making monthly tax payments, under the GST Quarterly Return Monthly Payment (QRMP) program. The scheme has been active since the last quarter of the 2020-21 fiscal year, starting from January 1, 2021. It is crucial for taxpayers to note that the deadline for opting in or opting out of the QRMP scheme for the 2023-24 fiscal year is April 30, 2023.



Six digit HSN code now compulsory for e-invoicing

The Central Tax GST Notification No.78/2020 dated 15th October, 2020 mandates that taxpayers with an annual aggregate turnover (AATO) greater than Rs 5 Crores must mention 6-digit HSN Codes for their outward supplies.

Pending Input Tax Credit under GST

It is important to ensure that all outstanding input tax credit is utilized before the end of the financial year. In order to accomplish this, it is necessary to conduct a thorough GST reconciliation by cross-referencing all purchase invoices with GSTR 2B. This process is essential to obtain any pending ITC. The reconciliation should encompass a comprehensive analysis of the credit availed during the year, tracking down any missing credits from vendors, and accounting for any additional credits associated with expenses. Such a meticulous approach will aid in maximizing the utilization of ITC, thereby benefiting the organization.

Reason for Unutilized ITC

Managing multiple GST registrations under a single PAN can pose challenges in tracking eligible Input Tax Credit across all business sub-units. If ITC remains unused, it results in the business having to pay its GST obligations in cash, impacting its working capital. The accumulation of ITC in sub-units or depots can further exacerbate this issue. Miscommunication between

the branches and the head office also contribute to this problem. To address this, effective communication and coordination are necessary to ensure that all eligible Input Tax Credit is efficiently utilized across all sub-units. Reasons that a business is availing lesser ITC:

- The taxpayer has missed out on a transaction as the supplier did not file their corresponding GSTR-1 form.
- An error in the Input Tax Credit (ITC) reconciliation process was left uncorrected.
- The error was never corrected as the defaulting supplier was not notified about the discrepancy.

Important Reconciliation under GST

A. Reconciliation of turnover between GSTR-1 and GSTR-3B

It is important for taxpayers to reconcile their GSTR-3B and GSTR-1 returns because GSTR 1 can't be filed if GSTR 3B of previous tax period is not filed. Thus, understanding and conducting a proper GSTR-3B versus GSTR-1 reconciliation is crucial.

Requirement of reconciliation between GSTR 1 and GSTR 3B

- It helps in avoiding late fee and interests for short payment and non-payment of Tax.
- Reconciling invoices helps prevent any duplicate or missing invoices in the GSTR-1 and GSTR-3B summaries.
- Calculation of Tax payable on outward sales becomes easy for a particular tax period (Monthly or quarterly).

- No discrepancies between the two tax returns
- Filing GSTR-3B helps identify any errors in the integrated taxes.
- Additionally, it allows a recipient to claim 100% Input Tax Credit under GST based on their GSTR-2B.

B. Reconciliation between GSTR-2B and GSTR-1

It is crucial to reconcile GSTR-2B with the purchase records to maximize the ITC claim. If there is any discrepancy between the two sets of data, it suggests an error on the part of the supplier or the recipient's incorrect entry. Such discrepancies can result in blocked ITC.

Claiming ineligible ITC can result in notices from GST department and expose the business to hefty penalties. It is essential to ensure that your ITC claims are accurate and legitimate to avoid such consequences.

Reasons why GSTR-2B should be reconciled against Purchase Register:

- This helps in early detection of discrepancies between Purchase and auto-generated GSTR-2B.
- In case of any discrepancies, the defaulting vendor can immediately be informed about the discrepancy and asked to rectify the errors so that this credit can be utilized for setting off the outward GST liabilities in the upcoming month.

return

Timely Payment to Vendors

In order to avoid carrying over any unpaid invoices into the next fiscal year and to prevent difficulties in reconciling accounts and claiming input tax credits, it is imperative to settle all debts with vendors within 180 days. It is crucial to make timely payments to vendors to prevent any backlog and facilitate the reconciliation process before the end of the fiscal year. Failure to make payment on time may cause complications in reconciling accounts and claiming input tax credits, underscoring the importance of promptly settling outstanding invoices.

Reversal of Ineligible ITC and Blocked Credit

If you intend to write off any inventory at the end of the fiscal year, it is important to keep in mind that according to Section 17(5) of the CGST Act 2017, you are required to reverse the Input Tax Credit (ITC) that was previously claimed on that particular inventory.

Reversal of ITC is based on:

- Rule of 42 of CGST Act, 2017 (ITC Reversal of Inputs)
- Rule of CGST Act, 2017 (ITC Reversal on Capital Goods)

Payment of RCM

It is advisable for taxpayers to review and reconcile their Reverse Charge Mechanism (RCM) liability as per their books of accounts with the RCM amount paid in GSTR 3B. Additionally, it is important to verify the RCM liability as per GSTR 2B.

Corrections in Filed GST Returns

It is recommended that taxpayers review and amend their GSTR-1 or GSTR-3B returns for the previous financial year in the March 2023 returns. To ensure accuracy, taxpayers should reconcile their books of accounts with the returns they have filed and make necessary adjustments in GSTR-3B in case of any discrepancies. Moreover, any mistakes made in GSTR-1, such as submitting incorrect GSTIN, B2C invoices instead of B2B invoices, or omitting invoices, can also be rectified during this period.

Payment of Tax under forward charge by a GTA (Goods Transport Agency)

According to Notification No. 03/2022-Central Tax (Rate) released on July 13th, 2022, existing taxpayers who provide Goods Transport Agencies Services

can choose to pay tax under the forward charge mechanism through the portal. To exercise this option, they must log in to the portal, go to Services, then User Services, and select Opting Forward Charge Payment by GTA (Annexure V). The Annexure V FORM must be submitted on the portal every year before the start of the Financial Year. It's important to note that once submitted, this form cannot be withdrawn during the year.

If a GTA likes to make selection for the Financial Year 2023-24, Annexure V is now available on the portal. The deadline for submission is March 15th, 2023, which is also the filing deadline for the preceding financial year.

Conclusion

It is advisable for taxpayers to exercise caution at March ending, in order to protect themselves from potential legal disputes related to GST. By taking necessary precautions at the end of March, taxpayers can mitigate the risk of facing legal charges in the following year. This proactive approach can help taxpayers avoid any potential offenses and ensure compliance with GST regulations.



CFO's Eye

ICAI issued guidelines for Audit of Banks

The MCA has issued a notification mandating auditors to evaluate an organization's accounting software and assess its audit trail feature starting from the financial year 2023-24. In addition to it, the AASB of ICAI has released an implementation guide that provides comprehensive guidance on different aspects, enabling auditors to perform their duties with greater efficiency and effectiveness. The guide outlines the responsibilities of both management and auditors, the scope of the rule, the applicable audit approach, and provides examples of wordings that can be used in the auditor's report and management representation letter.

SEBI issues framework for Adoption of Cloud Services for SEBI regulated entities

SEBI has issued a framework for adoption of cloud services via its vide circular dated 6 March 2023. It introduces basic standards for security and regulatory services. The primary purpose of this framework is to mitigate the critical risks associated with cloud computing and establish mandatory control measures that REs must adhere to before adopting cloud services. This framework sets baseline standards for security and regulatory compliance to ensure that REs can safely adopt cloud services.

SEBI introduces regulatory framework related to core BRSR ESG reporting

SEBI has recently launched an ESG rating framework with the objective of promoting sustainable development and corporate accountability. As part of its latest board meeting, SEBI has introduced a new form of ESG reporting known as Core Business Responsibility and Sustainability Reporting (BRSR), along with specific guidelines for ESG investing. Key points includes:

- From FY 2023-24, SEBI has mandated the BRSR Core reporting framework for the top 150 listed companies by market capitalization, which requires reporting on 49 parameters related to ESG. These companies are required to provide reasonable assurance on the BRSR Core framework.
- SEBI plans to extend the BRSR Core reporting framework to the top 250 listed entities from FY 2024-25 onwards, with a comply-or-explain basis for disclosure requirements in the first year, and assurance requirements in the second year (FY 2025-26).
- ESG rating agencies must include India/emerging market parameters in their ESG ratings and offer a separate category of ESG rating called 'Core ESG Rating', which will be based on the assured parameters under BRSR Core.

SEBI issues framework for the scheme of arrangement by unlisted market infrastructure institutions

SEBI has introduced a framework for unlisted Market Infrastructure Institutions (MIIs) such as Stock Exchanges, Clearing Corporations, and Depositories to file a draft scheme of arrangement with SEBI before filing such a scheme with the Court or Tribunal. To obtain the observation or no-objection letter, MIIs must file a draft scheme along with a non-refundable fee with SEBI. The draft scheme must include key information such as the approval of the governing board, a valuation report, a report from the Audit Committee, shareholding pattern pre and post scheme, and audited financials of the last three years. Additionally, all dues to, and fines or penalties imposed by SEBI or any other agency must be paid or settled before filing the draft Scheme. The validity of the observation letter or no-objection letter of SEBI shall be for six months from the date of issuance, within which the Scheme shall be filed with any Court or Tribunal for approval. The provisions of this circular will be effective from 27th. 2023.

Systems & forensics

Cloud Computing Evolution and Regulation in the Financial Service Industry

The emergence of new technology, such as cloud computing, and regulatory changes have had a profound impact on Europe's financial industry. Fintech firms have reshaped services and client interactions, with cloud computing being a major disruptive force. While cloud computing offers benefits like scalability and cost-effectiveness, the realization of these benefits often falls short due to inadequate consideration of critical success factors during implementation.

Dependence on leading cloud service providers has increased, leading to a rise in regulatory oversight, as exemplified by initiatives like the Digital Operational Resilience Act (DORA). These regulations grant financial sector customers and authorities access and audit rights, ensuring stability and consumer protection. Open banking and distributed ledger technology (DLT) leverage cloud computing to provide innovative solutions, minimizing dependency risks. Such technologies offer decentralized storage and increased efficiency.

Regulation plays a crucial role in fostering innovation and revenue generation in financial markets. While the need for financial oversight of the technology itself may be debatable, regulations that promote open and permissionless relationships are necessary for innovation to thrive. Open banking's growing adoption allows third-party providers access to the financial system, making outsourcing management a priority for supervisory authorities to ensure stability and consumer protection.

Source: ISACA Journal / 2023/ Vol2

Discount Fraud: the dark side of Gray Market

The issue of discount fraud in the grey market, where products are diverted from authorized distribution channels and sold at lower prices for illicit profit, is prevalent across the world. The fraud involves obtaining discounts intended for specific purposes, such as humanitarian efforts or disaster recovery, and reselling the products for personal gain. Discount fraud schemes can be lucrative and often involve fraudulent misrepresentations, falsified export documents, and exploitation of weak controls in developing markets. Manufacturers suffer financial losses and damage to their reputation, while legitimate authorized resellers are forced to compete with illicitly priced products. Discount fraud is considered a crime, and perpetrators can face criminal prosecution for charges such as wire fraud, money laundering, and smuggling. Preventing and detecting discount fraud requires enhanced business controls, including verification of end customers and strong audit clauses in partner contracts. Online monitoring, tracking and tracing, and analysis of supply-chain data can help identify suspect deals and patterns of diversion. Enforcement options range from civil actions to criminal referrals, with considerations of jurisdiction and the complexity of the case. Manufacturers need to recognize the risks and implement rigorous controls to prevent coffer fleeing through discount fraud.

ACFE Fraud Magazine Featured article



Glossary

AY

Assessment Year

BRSR

business Responsibility and Sustainability Report

CBDT

Central Board of Direct Taxes

CBIC

Central Board of Indirect Taxes

DTAA

Double Taxation Avoidance Agreements

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

RE

Regulated Entities

RIPS

Rajsthan Investment Promotion scheme

SEBI

Securities and Exchange board of India

SGST

State Goods and Service Tax

TCS

Tax Collected at Source

GLOSSARY

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