

NYCA's

The ReCap

A news to clear your doubts

A Monthly E-Newsletter

June, 2023 / Vol 02






For use by clients and firm personnel only

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KEY METRICS

Indices

BSE SENSEX	62,622	02.47%	
NSE NIFTY50	18,065	04.06%	
NASDAQ Composite	12,935	05.80%	

Currency

USD/INR	82.68	1.17%	
EURO/INR	88.37	1.87%	
GBP/INR	102.83	0.18%	



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

COMPLIANCE ALERT

June, 2023

7th June - TDS/TCS

TCS payment | TDS payment for May, 2023

10th June - GST

GSTR-7 : Summary of TDS and deposited under GST laws | GSTR-8 : Summary of TCS and deposited by e-commerce operators under GST laws for May, 2023

11th June - GST

GSTR 1- Summary of outward supplies where TO.> Rs.5 crore or have not chosen the QRMP scheme for the quarter of April-June, 2023
GSTR 5 - Summary of outward & tax payable by an NR

13th June - GST

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

14th June - TDS/TCS

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

15th June - ESIC & PF

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

15th June - TDS/TCS

Issue of TDS Certificate for salaried Employees for FY 2022-23

15th June - Income Tax

Form No. 64D - Furnishing of statement of income paid or credited by an investment fund to its unit holder for 2022-23

15th June - Income Tax

Advance Tax- 1st installment FY 2023-24 | AY 2024-25

15th June - TDS/TCS

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

15th June - Income Tax

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

20th June - GST

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

20th June - GST

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 June - GST

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

29th June - Income Tax

Form No. 3CEK - e-filing of statement by an eligible investment fund under section 9A in respect of its activities in FY 2022-23

30th June - Income Tax

Form 10BD - To be filed by specified institutions providing specific details of the donations made by donors | Form No. 64B - Statement of income distributed by business trust to its units holders during the FY 2022-23

30th June - TDS/TCS

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

30th June - Income Tax

Equalisation Levy statement - FY 2022-23

30th June - Income Tax

Form 64C - Statement to be furnished by AIF to unit holders in respect of income distributed during FY 2022-23

30th June - Income Tax

Non-deduction of tax at source by a banking company for Jan-Mar, 2023

30th June - Income Tax

Return for Securities trans. tax - FY 22-23

30th June - Income Tax

Pan-Aadhar Linking

Direct Tax

Notifications/Circulars

CBDT increases exemption limit to Rs. 25 Lakh for leave encashment under section 10(10AA)

In a significant move, the Central Board of Direct Taxes (CBDT) has raised the exemption limit for leave encashment under section 10(10AA) from Rs. 3 lakh to Rs. 25 lakh. This decision comes in line with the proposal put forth by the Finance Minister during the presentation of the Union Budget 2023, where the previous limit of Rs. 3 lakh, which had been in place since 2002, was slated for an increase.

NOTIFICATION S.O. 2276(E) [NO. 31/2023/F. NO. 200/3/2023-ITA-I]

The CBDT issues notification regarding individuals exempted from provisions concerning 'Angel Tax'

The CBDT has released a notification specifying the categories of individuals exempted from the provisions of section 56(2)(viib). The recent amendment made by the Finance Act 2023 has expanded the scope of section 56(2)(viib) to include share application money/premium received from individuals irrespective of their residential status.

NOTIFICATION S.O. 2274(E) [NO. 29/2023/F. NO. 370142/9/2023-TPL (PART-I)]

CBDT proposes changes in Rule 11UA in respect of ANGEL TAX

CBDT has put forth proposed modifications to Rule 11UA. These proposed changes primarily focus on the determination of fair market

for section 56(2)(viib). As part of these modifications in accordance with the amendment made by the Finance Act 2023 regarding angel tax provisions,, the CBDT intends to expand the options for non-resident investors by introducing five additional valuation methods, in addition to the existing methods of DCF (Discounted Cash Flow) and NAV (Net Asset Value).

*Press release
Dated: 19th May, 2023*



CBDT issues guidelines for mandatory selection of returns for Comprehensive Scrutiny in the financial year 2023-24

The CBDT has issued guidelines for the compulsory selection of returns for Complete Scrutiny during the Financial Year 2023-24. These guidelines also outline the procedures for conducting assessment proceedings in such cases. The parameters for selection and assessment have been specified by the CBDT in the circular.

CIRCULAR F.NO.225/66/2023/ITA-II

Threshold limit for interest under Mahila Samman Savings Certificate for Sec. 194A is Rs. 40,000: CBDT

The CBDT has issued a notification stating that Tax Deducted at Source (TDS) will be applicable to the Mahila Samman Saving Certificate Scheme in accordance with Section 194A of the Income Tax Act, 1961. As per the provisions of Section 194A, TDS is deducted on the interest received from post office savings schemes during the financial year if it exceeds the threshold of Rs. 40,000 or Rs. 50,000 (for senior citizens).

NOTIFICATION S.O. 2189(E) [NO. 27/2023/F.NO. 370142/11/2023-TPL]

CBDT introduces e-Appeal Scheme to implement functioning of JCIT(A)

The CBDT has announced the e-Appeals Scheme, 2023, to establish the operational framework for the Joint Commissioner (Appeals) in accordance with the Income-tax Act. The Finance Act 2023 introduced the newly designated Income-tax Authority of Joint Commissioner (Appeals).

NOTIFICATION S.O. 2189(E) [NO. 27/2023/F.NO. 370142/11/2023-TPL]



Judicial Rulings

Individual can't be held as a Beneficial owner of Investments made by foreign company: ITAT

The Tribunal determined that the assessee had properly disclosed all financial interests in a fiduciary capacity and as a signatory authority for a foreign bank account on behalf of the company when filing income tax returns. It was acknowledged that the investments and assets discovered during a search belonged to the foreign company, not the assessee. The foreign entity had its own separate legal identity and the ability to hold assets in its own name for its own objectives and purposes.

The term "beneficial owner" was not specifically defined in the Black Money Act, but it was defined in Explanation 4 to Section 139(1) of the Income-tax Act, 1961. Upon examining this definition, it became clear that a beneficial owner, in relation to an asset, is someone who provides consideration for the asset for their own or someone else's immediate or future benefit.

In this case, the foreign investments constituted assets of the foreign company, and the consideration for these assets came directly from the company's own bank account. Therefore, the assessee did not meet the criteria to be considered a "beneficial owner" as they were not the provider of the asset's consideration.

Consequently, the CIT(AO)'s decision affirming the assessee as the "beneficial owner" of the foreign company's assets was deemed to be misconceived, contrary to the law, and should be invalidated.

[\[2023\] 150 taxmann.com 290 \(Jaipur - Trib.\)](#)[13-04-2023]

Income cannot be presumed by AO based on children's school admission forms: ITAT

The AO's estimated the assessee's income solely based on the school admission form of his children, where the assessee filled up his monthly income of Rs. 4.00 lakhs per month. However, no tangible evidence was found in the search proceedings that the assessee had unaccounted income. The additions made by the AO based solely on the information gathered from the school were upheld by the CIT(A). The Tribunal restored the appeal to the file of AO, with the direction to provide the assessee with an opportunity to explain the nature and relevance of the school admission form and to lead any other evidence to disprove the contents of such school admission form.

[\[2023\] 150 taxmann.com 66 \(Surat-Trib.\)](#)[30-12-2022]

Affidavits of Typist and CA admitting typographical error are insufficient to delete addition for unaccounted purchase: SC

The Supreme Court held that, apart from the assessee's statement, no additional evidence was presented to the Assessing Officer (AO) during the assessment proceedings to establish that the recorded figure was a typographical error. The AO compared the yield percentages across different assessment years and concluded that the percentage for the year in question was significantly higher.

Furthermore, a search operation conducted on the assessee and its group revealed duplicate cash books, ledgers, and other records

indicating unaccounted manufacturing and trading activities in diamonds. This indicated that the assessee maintained separate books of accounts outside the regular ones.

In this case, the High Court solely relied on the affidavits of the typist and the Chartered Accountant, disregarding the findings of the AO and the Tribunal. The High Court also failed to consider that the affidavits were submitted for the first time before the Tribunal.

Considering that the AO and the Tribunal had made the additions based on the available information, the Supreme Court overturned the High Court's judgment and upheld the additions made by the AO.

[\[2023\] 150 taxmann.com 172 \(SC\)](#)
[\[20-04-2023\]](#)

Verbal Agreement is not valid in case of transfer of land: ITAT

The Tribunal found that the assessee failed to provide evidence of land transfer, aside from a letter issued by the purchaser which lacked a possession date and referenced an Irrevocable General Power of Attorney. The absence of such a power of attorney and failure to establish the land as a capital asset in the purchaser's records for the relevant assessment year weakened the assessee's case. The oral agreement did not fall under the provisions of section 2(47) for property transfer, and registered documents prevail over oral statements according to section 93 of the Indian Evidence Act. Therefore, the lower authorities were correct in assessing capital gains in Assessment Year.2004-05.

[\[2023\] 150 taxmann.com 53 \(Hyderabad - Trib.\)](#)[06-03-2023]

Indirect Tax

Notifications/Circulars

GST E-Invoice generation limit reduced to 5 Cr from August 1, 2023 : CBIC notification

Effective from August 1, 2023, the Central Board of Indirect Taxes and Customs (CBIC) has issued a notification stating the reduction of the e-invoicing threshold from Rs. 10 crores to Rs. 5 crores. Presently, businesses with a turnover exceeding Rs. 10 crores must generate e-invoices for their business-to-business (B2B) transactions.

[NOTIF. NO. 10/2023 - CENTRAL TAX \[G.S.R. 355\(E\)/F. NO. CBIC- 20021/1/2023-GST\]](#)

CBIC notifies SOP(Standard Operative Procedure) for Scrutiny of returns for FY 2019-20 onwards

The CBIC has introduced a new functionality called "Scrutiny of Returns" on the ACES-GST application for online scrutiny of returns. Modified SOPs have been issued for scrutiny of returns from the financial year 2019-20 onwards. The list of GSTINs selected for scrutiny in 2019-20 is available on the scrutiny dashboard. Instruction No. 02/2023-GST outlines the scrutiny schedule, process, timelines, and reporting requirements. For the financial years 2017-18 and 2018-19, the procedure specified in Instruction No. 02/2022 will continue to be followed since the scrutiny functionality is only available from 2019-20 onwards on the ACES-GST application.

[INSTRUCTION NO. 2/2023-GST \[F.NO. CBIC- 20006/04/2022-GST\]](#)

CBIC releases important guidelines for special All-India Drive against fake registrations

To tackle the growing issue of fake registrations and fraudulent issuance of bogus invoices leading to the misuse of Input Tax Credit (ITC), the CBIC has taken action by issuing guidelines. In an effort to combat this problem and prevent revenue loss, a Special All-India Drive is being planned to be conducted by both Central and State Tax administrations. The drive is scheduled to take place from May 16, 2023, to July 15, 2023.

[INSTRUCTION NO. 1/2023-GST \[F. NO. CBIC- 20/16/05/2023-GST\]](#)



CBIC extended last date till 31st May for exercising option to pay tax under Forward Charge For FY 2023-24 by GTAs

The CBIC, through Notification No. 05/2023-Central Tax (Rate) dated 09.05.2023, has extended

the deadline for Goods Transport Agencies (GTAs) to exercise the option of paying GST under the forward charge mechanism for the financial year 2023-2024. The new deadline is now 31st May, 2023, instead of the previous date of 15th March, 2023. Additionally, the CBIC states that GTAs initiating new businesses or surpassing the registration threshold during any financial year can choose to pay GST on their supplied services by submitting a declaration in Annexure V within 45 days of applying for GST registration or one month from the date of obtaining registration, whichever is later.

[NOTIFICATION NO. 5/2023- CENTRAL TAX \(RATE\) \[G.S.R. 348\(E\)/F. NO. -CBIC- 190354/63/2023-TO \(TRU-II\)-CBEC\]](#)

CBIC extends the due date for filing GSTR-1, GSTR-3B & GSTR-7 for April 2023 for the State of Manipur till May 31, 2023

The CBIC has issued Notifications No. 11, 12, and 13/2023 - Central Tax, all dated May 24, 2023, which extend the filing due dates for GSTR-1, GSTR-3B, and GSTR-7 for the month of April 2023. These extensions specifically apply to taxpayers whose principal place of business is located in the State of Manipur, with the new deadline set for May 31, 2023.

[NOTIFICATION NO. 11/2023 - CENTRAL TAX \[G.S.R. 384\(E\)/F. NO. CBIC- 20006/10/2023-GST\]](#)

Judicial Rulings

High Court Invalidates Assessment Order Citing Human Error in E-Way Bill

The High Court acknowledged that an evident error was present in the e-way bill, likely resulting from a human mistake, where the amount mentioned was Rs.1,97,047.86 on the tax invoice, but Rs.197047086.00 on the e-Way Bill. However, the court stated that if the petitioner were to approach the assessing authority, they could review and reconsider the assessment order. As a result, the court concluded that the assessment order should be invalidated, and the matter should be sent back to the assessing authority for re-evaluation in compliance with the law.

[2023] 150 taxmann.com 339 (Orissa)
[23-03-2023]

High Court Sets Aside Ex-Parte Order passed without sufficient time and reasons

The High Court observed that the petitioner's input tax credit claim had been rejected, and tax, along with interest and penalty, had been imposed. However, it was evident from the records that the petitioner had not been given sufficient time to present their case.

Furthermore, the Court noted that the order issued was ex-parte and lacked proper reasoning on how the officer determined the amount owed by the petitioner. Consequently, the Court declared the order invalid, and directed the Assessing Authority to issue a fresh order only after granting the petitioner adequate opportunity to be heard.

[2023] 150 taxmann.com 338 (Patna)
[20-01-2023]

High Court invalidates order demanding ITC reversal despite tax payment by suppliers

The High Court observed that despite the suppliers of the petitioner having already paid GST on the supplied items, the department disregarded this fact and issued an order demanding the reversal of input tax credit claimed by the petitioner. Consequently, the Court ruled that the order issued by the department should be invalidated, and directed them to issue a fresh order after granting the petitioner an opportunity to be heard.

[2023] 150 taxmann.com 260 (Rajasthan)
[02-05-2023]



GST registration cannot be cancelled retrospectively if Show Cause Notice didn't propose to cancel with retrospective effect: HC

The High Court noted that the show cause notice issued to the petitioner did not specify that the proper officer intended to cancel the registration with retrospective effect. While Section 29(2) of the CGST Act grants authority to the proper officer to cancel registration from any date, selecting a retrospective date must be reasonable. In this case the

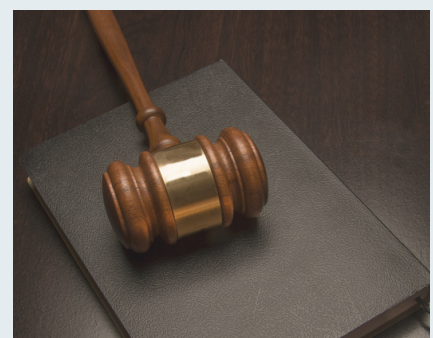
petitioner was not given an opportunity to address the proposed cancellation of registration from the beginning. However, the petitioner stated that she had no objection if the cancellation order was upheld, but with effect from the date of the notice, i.e., 11.12.2020. As a result, the Court determined that the cancellation of the petitioner's GST registration would take effect from 11.12.2020 instead of 01.07.2017.

[2023] 150 taxmann.com 223 (Delhi)
[28-03-2023]

No late fee applicable during GSTIN revocation and restoration period: HC

The High Court observed that although the Appellate Authority had granted the revocation of cancellation application, the registration was not reinstated promptly. Additionally, the Court noted that the petitioner should not be held accountable for not filing returns during the period when the registration was cancelled, starting from the date of filing the revocation application. Based on these findings, the Court ruled that the period from 16-10-2020 to 22-4-2022, when the petitioner's registration was restored, should be excluded when calculating any penalties for late filing of returns.

[2023] 150 taxmann.com 294 (Delhi)
[24-03-2023]



Corporate & Allied Laws

Notifications / Circulars

Govt. introduces 'Vivad se Vishwas Scheme' to provide relief to MSMEs for the Covid-19 period

The Ministry of Finance's Department of Expenditure has introduced a scheme called "Vivad se Vishwas I - Relief to MSMEs" to provide assistance to Micro, Small, and Medium Enterprises (MSMEs) affected by the COVID-19 pandemic. This scheme was announced in the Union Budget 2023-24. It instructs Ministries to refund performance security, bid security, and liquidated damages that were forfeited or deducted during the pandemic.

On February 6, 2023, the Department of Expenditure issued an order outlining the basic structure of the scheme. Final instructions were issued on April 11, 2023, expanding the scope of relief and relaxing refund limits. The scheme commenced on April 17, 2023, and the deadline for claim submissions is June 30, 2023.

[Press Release dated 02-05-2023](#)

SEBI mandates InvITs and REITs to hold securities of Holding Cos and SPVs in exclusively in De-mat form

In an effort to promote the dematerialization of securities, enhance ease of doing business, and improve transparency in transactions involving securities of Holding Companies (Hold Cos) and Special Purpose Vehicles (SPVs), SEBI has issued a mandate stating that InvITs & REITs must hold such securities exclusively in de-mat form. Additionally, for existing

physical securities held by InvITs & REITs in Hold Cos and SPVs, the Investment managers of the respective InvITs & REITs are directed to complete the dematerialization process before June 30, 2023.

[CIRCULAR NO. SEBI/HO/DDHS-PoD-2/P/CIR/2023/75](#)



Govt. launches C-PACE for smooth filing, timely and process-bound striking off companies from MCA registry

In a notification dated March 17, 2023 (S.O. 1269(E)), the Ministry of Corporate Affairs (MCA) introduced the Centre for Processing Accelerated Corporate Exit (C-PACE). This establishment aims to expedite and streamline the exit process for companies, ensuring transparency and adherence to set procedures. By centralizing the striking-off process, C-PACE effectively alleviates the burden on the MCA Registry. Furthermore, this initiative guarantees a smooth filing experience and timely removal of company names from the Register.

[SEBI/HO/DDHS/P/CIR/2023/50](#)

SEBI Implements a 'Risk Disclosure Framework' for Individual Traders in Equity Derivative Segment

SEBI has recently implemented a risk disclosure framework targeting individual traders involved in trading activities within the equity Futures & Options (F&O) segment. Under this framework, all stock brokers are obligated to exhibit risk disclosures on their websites and inform clients using specified methods. Upon logging into their trading accounts, clients may encounter a pop-up window containing 'risk disclosures' and must acknowledge them before proceeding. This circular will be enforceable starting from 01.07.2023.

[CIRCULAR NO. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/73](#)

Activities Carried Out By CA, CS And CWA On Behalf Of Clients To Be Covered Under PMLA

The Government has issued a notification to amend the definition of a 'person carrying on designated business or profession' under Section 2(1)(sa). The new regulations state that financial transactions conducted by practising CA, CS, and CWA on behalf of their clients will now fall within the purview of the Prevention of Money Laundering Act (PMLA). These transactions include activities like managing client money, buying and selling of immovable property, securities, or other assets, among others.

[NOTIFICATION S.O. 2036\(E\) \[F. NO. P-12011/12/2022-ES CELL-DOR\]](#)

Policies & Schemes

Foreign Trade Policy, 2023

Shri Piyush Goyal, Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution, and Textiles, inaugurated the Foreign Trade Policy (FTP) 2023, which became effective on April 1, 2023. The FTP 2023 is a dynamic policy framework that combines established schemes supporting exports with a flexible approach that addresses the evolving needs of trade. Emphasizing trust and collaboration with exporters, the policy focuses on process re-engineering and automation to enhance the ease of conducting business with exporters, promoting a favorable environment for trade.

Previous Trade Policy

The previous foreign trade policy, covering the period from 2015 to 2020, aimed to achieve exports worth USD 900 billion by 2020. This target was subsequently extended for an additional three years until March 2023. However, it is projected that India will likely conclude the 2022-23 fiscal year with total exports amounting to approximately USD 760-770 billion, compared to USD 676 billion in 2021-22.

Approach of Foreign Trade Policy, 2023

1. Remission Incentives
2. Collaborative Export Promotion - Involving Exporters, States, Districts, and Indian Missions
3. Focusing on Emerging Areas - Developing E-Commerce Districts as Export Hubs and Streamlining SCOMET Policy (Special Chemicals, Organisms, Materials, Equipment, and Technologies)

4. Enhancing Ease of Doing Business, Reducing Transaction Costs, and Implementing E-Initiatives

Targets under FTP, 2023

Export Target:

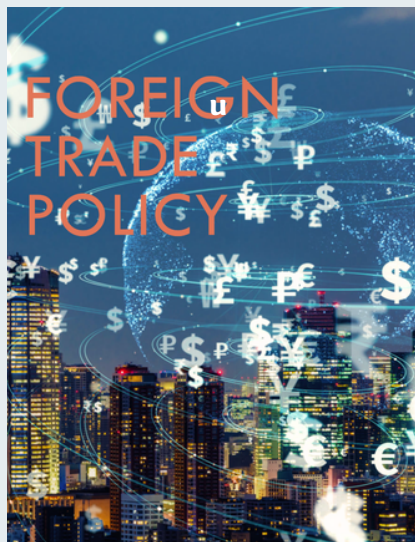
Government's goal is to achieve USD 2 trillion in overall exports by 2030, evenly divided between merchandise and services sectors.

Cross-Border Trade:

Government aims to promote the use of Indian currency in cross-border trade, leveraging a new payment settlement framework introduced by the RBI in July 2022.

Trade Surplus Advantage:

Utilizing the Indian currency for cross-border trade can be especially beneficial for countries where India maintains a trade surplus.



Ease of Doing Business:

- Automatic approval of various permissions under Foreign Trade policy based on process simplification and technology implementation.
- Reduction in processing time and immediate approval of application.

- The application fee is reduced for Advance Authorization and EPCG Schemes. It will benefit 55-60% of exporters of MSMEs.
- A comprehensive revamp of the e-Certificate of Origin (CoO) platform is proposed, enabling self-certification of CoOs and facilitating automatic approval of CoOs whenever possible. Additionally, initiatives are being developed to enable electronic exchange of CoO data with partner countries
- All applications for authorization redemption will be conducted in a paperless manner. With this, this entire lifecycle of the authorization shall become paperless.

Export Promotion Initiative

Recognition of Exporters (Status Holder certificate):

Under this policy, different status recognitions are given to exporters depending on upon achievement of export performance (as given below).

- 1 Star Export House - 3 million USD
- 2 Star Export House - 25 Million USD
- 3 Star Export House - 100 Million USD
- 4 Star Export House - 500 Million USD
- 5 Star Export House - 2000 Million USD

Acceptance of Rupee Payment:

Effective steps will be taken towards globalization of Rupee payment. FTP benefits will be extended for rupee realization via special 'Vostro' accounts setup as per RBI circular dated-11.07.2022.

Towns of Export Excellence

In addition to the existing 39 towns, four new towns, (Faridabad, Mirzapur, Moradabad, and Varanasi) have been designated as Towns of Export Excellence (TEE).

These TEEs will receive priority access to export promotion funds through the MAI scheme and will have the opportunity to avail benefits as Common Service Providers (CSP) for export fulfillment under the Export Promotion Capital Goods (EPCG) Scheme.

Districts as Export Hubs (DEH) initiative:

1. Districts as Export Hubs aim to decentralize export promotion and boost India's foreign trade.
2. This initiative will increase awareness and commitment towards exports at the district level.
3. It involves identifying exportable products/services in all districts.
4. The establishment of State Export Promotion Committees and District Export Promotion Committees will create institutional mechanisms to strategize exports and develop action plans for promoting identified products and services, making states and districts meaningful stakeholders and active participants.

Promotion of E-Commerce Exports:

E-commerce export potential is estimated to be between USD 200 to USD 300 billion by 2030. The FTP 2023 lays out the plan for establishing e-commerce hubs and related elements like payment reconciliation, book-keeping, returns policy, and export entitlements. As a starting measure, the consignment wise

cap on e-commerce exports through courier has been increased from ₹5 Lakh to ₹10 Lakh in the FTP 2023.

4. Based on exporter feedback, this cap may be revised further or eventually removed.



Reward Schemes for Exporters:

Through the reward scheme, Govt. of India aims promote exports through reward schemes. These schemes provide incentive to exporters in the form of readable **Scrips**.

These Scrips can be utilized for payment of custom duties on imports or can be traded to obtain benefits. Duty credit scrip issued under these schemes is valid for 24 months from the date of issue and must be valid on the date when actual duty debit is made. Revalidation of duty scrip is not allowed unless covered by Handbook of Procedures (HoP).

Service Exports from India Scheme (SEIS):

To encourage and maximize export of notified services from India to any country, Govt. introduced SEIC.

Eligible Exporters:

- Must have IEC at the time of rendering of service.
- Fulfill 'minimum NET FOREIGN EXCHANGE (NEF) earning criteria' in the year of rendering of service.

Claim:

Claim for scrip under SEIS is submitted for each year in Form ANF-3B.

Remission of Duties or taxes on Exported Products (RoDTEP)

From 1st Jan 2021 Government has discontinued Merchandise Exports from India Scheme (MEIS) and replace it with 'Remission of Duty or Taxes on Exported products' (RoDTEP).

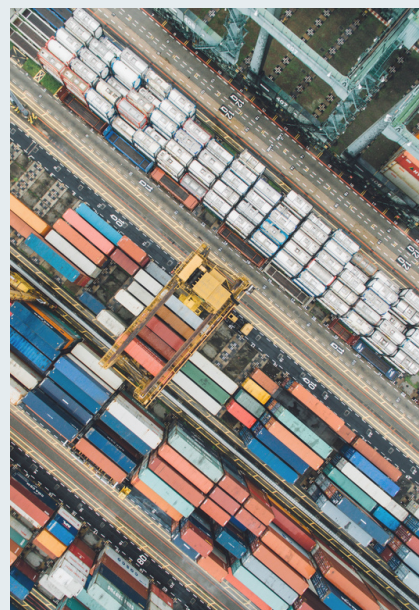
Benefit:

RoDTEP scheme provides for rebate/refund of Central, State and local duties/taxes/levies which are currently not refunded under any other duty remission schemes.

Computation of Benefit:

Benefit under this scheme will calculated as following-

- FOB value as declared in Shipping Bill OR
- 1.5 times the market price (Indian) of said goods



Utilization of Duty Credit (E-Scrip) under RoDTEP Scheme:

Recipient of Duty Credit can utilize his duty credit in following 2 ways:

1. He can use duty credit for payment of custom duties (payable under CA, 1962 or CTA, 1975)
2. He can transfer his duty to other person.



Duty Remission Scheme:

Duty Remission Scheme enables post export replenishment/remission of duty paid on inputs used in export product.

- **Duty Drawback Scheme (DBK):** Inputs imported on payment of import duty then used in manufacture of export goods and finally import duty refunded in cash.

Duty Exemption Scheme:

Duty Exemption Scheme enables duty free import of inputs required for production and export of export product.

- **Advance Authorization Scheme:** Inputs can be imported without payment of duty and then used in manufacture of export goods.

- **Duty Free Import Authorization Scheme:** It is also directed towards allowing duty free import of inputs in certain cases. However, under this scheme, exemption is available only from payment of basic customs duties and no other duties of customs with availability of DBK as an additional benefit.

EPCG Authorization Scheme:

the EPCG Scheme Authorization Scheme enables an exporter to import duty free Capital Goods required for manufacturing of Product.

An exporter of service can also obtain EPCG Authorization Scheme.

SCOMET Policy:

India is emphasizing on its "export control" regime and strengthening its integration with export control regime countries. There is greater awareness and understanding of SCOMET (Special Chemicals, Organisms, Materials, Equipment, and Technologies) among stakeholders, and the policy regime is being strengthened to effectively implement international treaties and agreements. The aim is to establish a robust export control system in India that allows Indian exporters access to dual-use high-end goods and technologies while facilitating the export of controlled items/technologies under SCOMET from India.

Amnesty Scheme:

The government is focused on reducing litigation and building trust-based relationships to address challenges faced by exporters. In line with the 'Vivad se Vishwas' initiative for amicable tax

tax dispute settlements, a special one-time Amnesty Scheme is being introduced to tackle non-compliance in Export Obligations by Advance Authorization and EPCG authorization holders.

Under this scheme, pending cases of default in Export Obligation can be regularized by paying customs duties exempted proportionate to unfulfilled obligations. The maximum interest payable is capped at 100% of the exempted duties, and no interest is applicable on Additional Customs duty and Special Additional Customs Duty.

The amnesty scheme is available until 30th September 2023, excluding cases under investigation for fraud and diversion.



Take Aways:

The new FTP is expected to be dynamic and responsive, adapting to emerging trade scenarios. It will engage with states and districts to promote grassroots exports and focus on streamlining processes for e-commerce exports. The goal is to achieve one trillion-dollar merchandise exports and one trillion-dollar services exports by 2023. The policy aims to resolve trade and industry issues through a consultative mechanism and work towards making the Indian Rupee a global currency for international trade settlement.

Professionals Desk

CBIC Guidelines for Special All-India Drive Against Fake GST Registration

The Indian government is deeply concerned about the issue of fake GST registrations, which has led to significant revenue losses. In the fiscal year 2022-23, tax officers detected twice the amount of GST evasion, amounting to INR 1.01 lakhs. To tackle this problem, the GST Council recently held a meeting and decided to initiate a special drive to identify and address fraudulent GST registrations. The Central Board of Indirect Taxes and Customs (CBIC) has issued instructions for this drive, which will take place from May 16th to July 15th, 2023, throughout India. It is important to note that this drive aims to verify registrations rather than conduct inspections, ensuring that genuine GSTN holders need not worry. The primary objective is to identify individuals who are claiming Input Tax Credit (ITC) without engaging in legitimate business activities, thereby causing financial losses to the government.

Need for Identification of fake registration:

1. The issue of fraudulent utilization of others' identities to obtain fake or bogus registrations under GST was discussed at the National Coordination Meeting of State and Central GST officers. These registrations are obtained with the explicit intention of deceiving the Government.
2. Fake or non-genuine registrations are being used to unlawfully claim input tax credit by generating invoices without any actual supply of goods or services.

3. The problem of fake registrations and the issuance of bogus invoices to fraudulently claim input tax credit has emerged as a grave concern.

4. In order to detect such fake GST registrations, the Central Board of Indirect Taxes and Customs (CBIC) has launched a special drive in collaboration with the State Governments. To facilitate this drive, CBIC's Policy Wing has issued comprehensive guidelines through Instruction No. 01/2023-GST dated 4th May, 2023, for an all-encompassing nationwide campaign against fake GST registration.



Methodology of Fake GST registration:

Central and State tax authorities have identified several methods for acquiring fake GST registration. Some of the methods used by fraudsters to acquire fake GST registration are following:

1. **Usage of fake documents-** Fraudsters use fake documents, including forged electricity bills, property tax receipts, rent agreements, and more, to

fraudulently establish a false principal place of business for obtaining GST registration.

2. **Usage of PAN and Aadhar Number of Economically weak Persons-** In some cases, Fraudsters use PAN and Aadhar number of economically weak persons to obtain fake GST registrations without their consent. In a recent case in Gujrat, Tax authority find out that fraudster used PAN and Aadhar number of a economically weaker person without their knowledge.

Identification of Fake GST Invoices

During the meeting, it was recognized that addressing the issue of fake GST invoices and registrations requires a collective effort from both Central and State tax authorities in a more organized manner. To combat this problem effectively and prevent any further revenue loss to the Government, it was decided to carry out a nationwide Special Drive across India.

Special Drive Period:

All Central and State Tax administrations will collectively execute a Special All-India Drive from May 16th, 2023 to July 15th, 2023. Their primary focus during this period will be to identify and verify GST Identification Numbers (GSTINs) that raise suspicions or are deemed fake. Through collaborative efforts, they will undertake the required remedial actions to address this issue effectively.

Identification of Fake GSTINs:

(a) GSTN (Goods and Services Tax Network) will employ detailed data analytics and risk parameters to detect suspicious GSTINs associated with fraudulent activities.

(b) Once identified, GSTN will share information about these suspicious GSTINs with the relevant State and Central Tax authorities. In the case of Central Tax authorities, the information will be shared through the Directorate General of Analytics and Risk Management (DGARM). The respective tax administrations will initiate verification drives and take necessary actions based on the provided information.

(c) Field formations, including local tax offices and enforcement agencies, can contribute to identifying fraudulent GSTINs. They can utilize various analytical tools such as BIFA, ADAIT, NIC Prime, and E-Way Analytics for data analysis.

(d) Apart from data analysis, human intelligence, the Aadhaar database, local knowledge, and past detection experiences can also aid in identifying fraudulent GSTINs.

(e) GSTN may provide a separate note to field formations, informing them about the available tools in BIFA (Business Intelligence and Fraud Analytics) that can assist during the verification process.

Information Sharing Mechanism

To make sure the success of the Special Drive and facilitate coordination among tax administrations, the following points summarize the recommendations regarding the appointment of nodal officers:

1. Nodal officers should be appointed at both the zonal CGST zone and state levels.

2. Their primary responsibility is to ensure the smooth flow of data and coordination with GSTN, DGARM, and other tax administrations.

3. The nodal officers are required to share the following details with the GST Council Secretariat within 3 days of receiving the letter:

- Name
- Designation
- Phone number or mobile number
- Email address



4. The GST Council Secretariat will compile the list of nodal officers after obtaining the details from all tax administrations.

5. The compiled list will be made available immediately to all tax administrations, GSTN, and DGARM.

6. The nodal officers must ensure that the data received from GSTN, DGARM, or other tax administrations is made available to the concerned jurisdictional formation within 2 days.

7. The nodal officer is also responsible for promptly providing any cooperation required by other jurisdictions under their control.

These measures aim to enhance coordination, streamline data flow, and facilitate the successful implementation of the Special Drive across tax administrations.

Actions Taken by Jurisdictional Tax Officer:

Upon receiving data from GSTN/DGARM through a nodal officer, the concerned jurisdictional officer is responsible for carrying out the verification process in a time-bound manner. The following actions will be undertaken by the proper officer:

- **Suspension and Cancellation of Registration:** If a taxpayer is found to be non-existent or fictitious, the proper officer will initiate action to suspend and cancel their GST registration.
- **Block Input Tax Credit (ITC):** The input tax credit in the Electronic Credit Ledger will be blocked without any delay, as per the provisions of Rule 86A of CGST Rules.
- **Identification of Fake ITC Recipients:** Recipients who have received fraudulent input tax credit from non-existing taxpayers will be identified based on the details furnished in FORM GSTR-1 by the said taxpayer.
- **Action against Recipients (Falling under the same jurisdiction):** If the recipient GSTIN belongs to the same jurisdiction, suitable action will be initiated to demand and recover the input tax credit wrongly availed by the recipient.
- **Action against Recipients (Falling under different jurisdictions):** In cases where the recipient GSTIN belongs to a different tax jurisdiction, the tax officer will gather all relevant details, supporting documents, and evidence.

This information will be compiled and sent to the concerned tax authority through nodal officers at the earliest.

These actions aim to address non-existent or fictitious taxpayers, block fraudulent input tax credit, and take appropriate measures against recipients who have wrongly availed such credit. The verification and enforcement process will be conducted promptly and efficiently to ensure compliance with GST regulations.

When sharing information with the Tax authority of the recipient in Annexure-B, the sending officer will include the following details:

- GSTIN of the non-existent supplier, along with Name & Address.
- GSTIN of the recipient.
- Name & Address of the recipient(s).
- Tax Amount/ITC involved (in Rs Lakhs).

Additionally, the following actions will be taken:

1. Identifying Masterminds/Beneficiaries: Efforts will be made to identify the masterminds or beneficiaries behind fake GSTINs. Further action will be taken, if required, to recover Government dues and provisionally attach properties or bank accounts under the provisions of section 83 of CGST/SGST Act.

2. Action against linked suspicious GSTINs: If any linked suspicious GSTINs are detected during the investigation or verification process, similar action may be taken to address the associated entities involved in fraudulent activities.

Feedback and Reporting Mechanism:

Each State and CGST Zones will present an action-taken-report before the GST Council Secretariat on a weekly basis. Usual modus operandi identified during verification process will also be reported.

National Coordination Committee:

The National Coordination Committee, led by Member [GST] of CBIC and consisting of representatives from different tax administrations, will oversee and monitor the progress of the special drive. The GST Council Secretariat will compile reports and provide them to the National Coordination Committee for review and analysis.



Actions Taken by Taxpayer:

Under the Special Drive, field officers will conduct extensive physical verifications at the place of business, including both genuine and fake registered persons. To avoid any adverse action, GST-registered persons should take note of the following points:

1. Display name board: A name board containing details of the registered person's name, address, and GSTIN must be displayed at the entry gate of the principal place of business and every additional place of business (Rule 18(2) of CGST Rule, 2017).

2. Display GST registration certification: The GST registration certification should be prominently displayed at the principal place of business and additional places of business (Rule 18(1) of CGST Rules, 2017).

Coordination

3. Keep documents ready for verification:

- KYC documents: PAN and Aadhar of the proprietor, partners, or directors.
- Address proof: Rent agreement, electricity bill, NOC, etc., as applicable.

4. Ensure registration of additional places of business: All additional places of business should be registered under GST. A registered person is not allowed to procure, sell, or store goods at any location that is not registered under GST.

5. Clear demarcation for multiple businesses: In cases where multiple businesses are registered at the same premises, clear demarcation should be created to identify the space allocated to each business.

6. Up-to-date filing of GSTR-1 and GSTR-3B: Ensure that GSTR-1 and GSTR-3B returns are filed up to the current date.

7. Cancellation of GST registration: If a business is no longer being carried out, necessary action should be taken for the cancellation of the GST registration.

8. Maintain complete books of accounts: Keep complete books of accounts at the principal place of business, and ensure that sales and purchase invoices belong to the registered person of that premises only.

Conclusion:

The Special All-India Drive targets fake GST registrations, using data analytics and coordinated efforts to eliminate fraudulent GSTINs. This ensures integrity, protects government revenue, and promotes transparency within the GST ecosystem, strengthening the overall system.

CFO's Eye

ICSI gives approval to Revised format of Annual Secretarial Compliance Report (ASCR)

In a move to streamline the process for Practicing Company Secretaries (PCS) issuing the Annual Secretarial Compliance Report (ASCR), the Institute of Company Secretaries of India (ICSI) has recently revised the format of the ASCR. This revision aligns with Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which mandates listed entities and their significant unlisted Indian subsidiaries to include an ASCR in their annual report. The revised format was presented for approval during the Council Meeting and has now been officially approved during the 296th meeting held on May 4, 2023.

RBI withdraws Rs 2000 notes from circulation, but will remain legal tender

The Reserve Bank of India (RBI) has issued a circular outlining guidelines for bankers regarding the withdrawal of Rs 2000 denomination banknotes from circulation. According to these guidelines, all banks are instructed to cease the issuance of Rs 2000 currency notes immediately. However, the option to exchange these notes will be available to the public until September 30, 2023. Furthermore, the circular states that Business Correspondents (BCs) may be permitted to exchange Rs 2000 banknotes up to a limit of Rs 4000 per day for an account holder. These guidelines aim to facilitate the withdrawal of Rs 2000 currency notes from circulation in an organized manner.

SEBI modifies ICDR norms, makes underwriting agreement mandatory for IPO filing

SEBI has made amendments to Regulation 40 and 136 of the SEBI (ICDR) Regulations, 2018. Previously, if an issuer intended to conduct an IPO outside of the book building process and wished to have the issue underwritten, they had to appoint underwriters in compliance with SEBI (Underwriters) Regulations, 1993. Under the amended norms, prior to filing the prospectus, the issuer must enter into an underwriting agreement with registered merchant bankers or stock brokers to act as underwriters. The underwriting agreement should specify the maximum number of specified securities the underwriters will subscribe to at a



predetermined price, not less than the issue price. This underwriting agreement must also be disclosed in the prospectus.

SEBI has also amended Part-A (Clause 10(A)) and Part-B-1 (Clause 11(A)) of Schedule VI of the ICDR Regulations, which pertain to disclosures in the offer document, abridged prospectus, and abridged letter of offer. Previously, Schedule VI only required the disclosure of



the industry overview. However, the amended norms now require the complete industry report to be provided if an extract of an industry report is disclosed in the offer document.

Additionally, SEBI has made amendments to Clause 18(3) in Part A and Clause 22(B) in Part B-1 of Schedule VI of the ICDR Regulations. Initially, material contracts and documents were available for inspection. Now, SEBI mandates that material contracts and documents should also be made available for inspection through online means.

RBI releases norms for acceptance of green deposits by banks

The Reserve Bank of India (RBI) has implemented a new framework starting from June 1, 2023, with the aim of promoting the adoption of green deposits by Regulated Entities. Additionally, the framework seeks to enhance the provision of credit towards environmentally-friendly activities and projects. It encompasses various policies related to the size of deposits, interest rates, and duration. Moreover, the framework covers aspects such as the issuance and financing of green deposits, the allocation and utilization of funds, independent verification and assurance, as well as reporting and disclosure obligations.

Systems & forensics

Uncovering Financial Mismanagement: A Case of Investment Risks and Investigation

Investing in any business always comes with its fair share of risks. Unfortunately, some investors fall prey to fraudulent schemes, leading to significant financial losses. In a recent case, a group of investors found themselves in such a situation after investing USD \$100 million in an educational institution providing coaching services for competitive examinations. Concerned about the institution's operations and suspecting misuse of their funds, the investors sought the assistance of a team of experts to uncover the truth.

The investigation began with a close examination of the institution's revenue and collections practices. It became apparent that the institution was not recording cash collections accurately, allowing excess money to be diverted to the promoters and management under the guise of discounts. Discrepancies between student collection data and bank statements raised suspicions of underreported cash collections. Furthermore, a long list of outstanding debtors was discovered, who had not paid their dues for an extended period.

To unravel the intricacies of the revenue and collections issues, the team employed various techniques, including the application of Benford's Law. This statistical tool analyzed the distribution of first digits in cash collection records, enabling the identification of anomalies or deviations from the expected pattern. The investigation uncovered significant discrepancies and fraudulent activities within the institution's financial practices. Recommendations were made to improve collection procedures, establish approval protocols for discounts, and conduct regular financial audits to ensure compliance with policies and regulations.

The second concern involved investments made by the institution. The investors were troubled by inter-corporate loans extended to entities, including individuals who were not servicing their loans appropriately. Additionally, a USD \$15 million investment made through the acquisition of subsidiaries proved to be futile.

To address these concerns, transaction testing procedures were implemented. Loan agreements and investment documents were thoroughly reviewed to identify any irregularities or violations of policies and procedures. Detailed examinations of the flow of funds were conducted to uncover suspicious or unusual activities. Open-desktop searches were also utilized to gather information on borrowers and the acquired subsidiaries.

The investigation uncovered related party transactions between the institution's promoter and his past students, involving inter-corporate loans to their paper companies. These transactions were undisclosed to the investors, and funds were being siphoned off for personal gain. Armed with this evidence, the findings were presented to the investors, leading to legal action against the promoters and management. As a result, the investors were able to recover a significant portion of their funds.

This case exemplifies the importance of conducting thorough investigations when suspicions of fraudulent activities arise. The team's expertise and meticulous investigative procedures played a pivotal role in identifying irregularities and fraudulent practices, allowing the investors to take appropriate actions and recoup their losses. Moreover, the investigation emphasized the significance of ethical and transparent financial management in businesses, providing investors with the peace of mind they deserve.

In conclusion, the comprehensive analysis and diligent investigative procedures in this case were instrumental in uncovering irregularities in the educational institution's revenue and collections practices, as well as exposing related party transactions and mismanagement of investments. The findings empowered the investors to make informed decisions and implement corrective measures to enhance financial management and mitigate future risks. By utilizing their expertise, the investigative team ensured that businesses operate ethically and transparently, safeguarding the interests of their clients.

[Article - ACFE INSIGHTS](#)



Glossary

AY

Assessment Year

ACES

Automation of Central Excise and Service Tax

BRSR

Business Responsibility and Sustainability Report

CBDT

Central Board of Direct Taxes

CBIC

Central Board of Indirect Taxes

DGARM

Directorate General of Analytics and Risk Management

EFCI

Eligible Fixed Capital investment

EPCG

Export Promotion Capital Goods Scheme

FOB

Free on Board

FY

Financial year

GTA

Goods Transport Agency

ICAI

Institute of Chartered Accountants of India

ICDR

Issue of Capital and Disclosure Requirements

Ind AS

Indian Accounting Standard

INR

Indian National Rupee

InvITs

Infrastructure Investment Fund

IPO

Initial Public Offering

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

REITs

Real Estate Investment Trust

RIPS

Rajsthan Investment Promotion scheme

SEBI

Securities and Exchange board of India

SGST

State Goods and Service Tax

TCS

Tax Collected at Source

USD

United State Dollar



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