NYCA's

The ReCap

A news to clear your doubts

A Monthly E-Newsletter

July ,2023 / Vol 03

For use by clients and firm personnel only

What's Inside

KEY METRICS

Indices

BSE SENSEX	64,719	03.35%
NSE NIFTY50	19,189	03.53%
NASDAQ Composite	13,788	06.59%

Currency

USD/INR	82.09	0.71%
EURO/INR	89.56	1.35%
GBP/INR	104.29	1.42%

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

COMPLIANCE ALERT

July, 2023

7th July - TDS/TCS
TCS payment | TDS payment for June, 2023

10th July - 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 August, 2023

11th July - GST
GSTR-1 : Summary of outward supplies where TO.> Rs.5 crore or have not chosen the QRMP scheme for June, 2023

13th July - GST
GSTR - 1 IFF for QRMP - Summary of outward supplies by taxpayers who opted for QRMP Scheme, April-June, 2023

13th July - GST
GSTR 5 - Summary of outward & tax payable by an NR | GSTR 6 (monthly) - June, 2023 for ISDs providing details for their inward supplies and Input Tax Credit

15th July - TDS/TCS
Issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M for May, 2023

15th July - ESIC & PF
Provident Fund (PF) payment for June, 2023
ESIC payment for June, 2023

15th July - TDS/TCS
Quarterly statement of TCS deposited for April-June, 2023

15th July - Income Tax
Form No. 3BB- Due date for furnishing statement by a stock exchange | Form No. 3CC - Quarterly statement in respect of Foreign remittances | Form No. 15G/15H for April-June, 2023

15th July - Income Tax
CMP - 08 - Quarterly Challan-cum-statement to be furnished by composition dealers

20th July - GST
GSTR 5A - Summary of outward of taxable supplies and tax payable by a person supplying ODIAR services

20th July - 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

30th July - Income Tax
Quarterly TCS certificate for April-June, 2023

31st July - Income Tax
ITR filing - Return of income tax for the AY 2023-24 for all assessee other than : Corporate, non-corporate partner of a firm and assessee requiring to furnish a report under Section 94E

31st July - Income Tax
Form II - Intimation by Sovereign Wealth Fund for investment made in India for April-June, 2023

31st July - TDS/TCS
Filing of Statement for TDS deducted under Section 194IA , 194IB, 194M & 194S for April 2023

31st July - Income Tax
Form 10BBB - Intimation by a pension fund for investment for April-June, 2023

31st July - Income Tax
Statement by rules 5D, 5E and 5F - Statements by scientific research association, university, college or other association or Indian scientific research company as required by rules

31st July - Income Tax
Non-deduction of tax at source by a banking company for Jan-Mar, 2023

31st July - TDS/TCS
Quarterly Statement of TDS deposited for April-June, 2023

Direct Tax

Notifications/Circulars

CBDT amends Income Tax rules as per new tax regime, introduces Rule 21AGA and Form 10-IEA for opting old tax regime

The finance ministry has made several amendments to section 115BAC of Income Tax Act. These amendments include making the 115BAC the default tax regime and extending it to Association of Persons(AOP), Body of Individuals (BOI), Artificial Juridical Person (AJP), and others.

In response to these amendments The CBDT has notified the corresponding amendments to Rules 2BB, 3 and 5 to incorporate the provisions of the new tax regime along with inserting Rule 21AGA and Form 10-IEA to enable the assessee to opt for the old tax regime instead of the new tax regime.

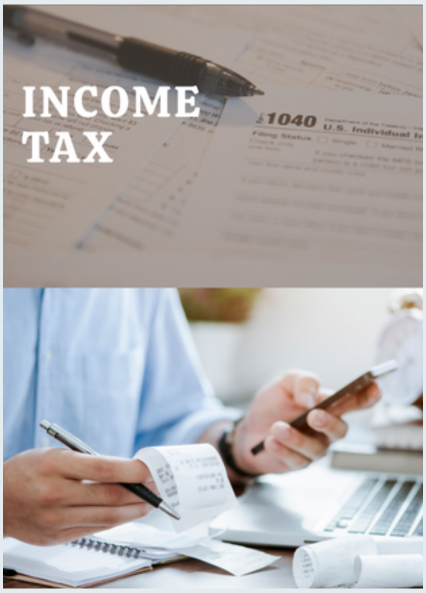
NOTIFICATION G.S.R. 452(E) [NO. 43/2023/F.NO. 370142/15/2023-TPL]

CBDT extends deadlines for submission of TDS/TCS statements for 1st quarter of FY 2023-24 to September 30, 2023

The Central Board of Direct Taxes (CBDT), using its authority under section 119, has prolonged the deadlines for submitting TDS and TCS statements.

For the first quarter (ending on June 30) of the Financial Year 2023-24, the due date to furnish the TDS statement has been extended from July 31, 2023, to September 30, 2023. This extension is applicable only to statements filed in Form 26Q and Form 27Q, excluding Form 24Q. Additionally, the deadline for submitting the TCS statement in Form 27EQ for the first quarter of the Financial Year 2023-24 has been extended from July 15, 2023, to September 30, 2023.

CIRCULAR NO. 9/2023 [F. NO. 370149/109/2023-TPL]



CBDT notifies new monetary policies to Decide Condonation Requests in Refund Claims & Carry Forward Losses

On June 9, 2015, The CBDT issued Circular 9/2015, providing instructions on handling applications for condonation of delay in filing income tax returns for claiming refunds or carrying forward losses and their set-off under section 119(2)(b). The circular laid down detailed guidelines outlining the conditions and procedures to be adhered to while considering such applications for condonation of delay in filing income tax returns.

Furthermore, Para 2 of the circular specified monetary limits. that the Income-tax officers must adhere to when accepting requests for condonation applications.

CIRCULAR NO. 7/2023 [F.NO. 312/63/2023-OT]

CBDT notifies appointment of JCIT(A)/Addl. CIT(A) to Facilitate Conduct of e-Appeal Proceeding

The CBDT has notified the Additional/Joint Commissioner of Income-tax (Appeals) in order to facilitate the conduct of e-appeal proceedings. The Finance Act 2023 introduced a new designated income tax authority of Joint Commissioner (Appeals) [JCIT (Appeals)] vide amendment in section 246 to handle a certain class of cases involving small appeal disputes.

NOTIF. S.O. 2624(E) [NO. 40/2023/F. NO. 279/MISC./M-42/2023-ITJ]

CBDT announces important changes w.r.t. to Liberalised Remittances Scheme (LRS)

The CBDT has announced changes to the provisions concerning tax collected at source (TCS) as per section 206C(1G). The threshold for TCS on all categories of LRS payments will be reverted to Rs. 7 lakh per individual. Additionally, the increased TCS rates of 20% will now be applicable from October 01, 2023, instead of the previously planned date of July 01, 2023.

Circular no. 10 of 2023 of CBDT

Judicial Rulings

No Sec. 263 revision to examine Sec. 56(2)(viib) applicability on transactions between holding & subsidiary: ITAT

The Tribunal ruled that the provisions of Section 56(2)(viib) do not apply to transactions between a holding co. and its subsidiary, where no income accrues to the ultimate beneficiary, i.e., the holding co. In this case, the shares were allotted at a premium to the 100% holding company, and there was no change in control or interest over the money. The objective is to prevent unlawful gains by issuing company in the garb of capital receipts. Therefore, the inquiry into the credibility of the premium charged is irrelevant, and the revisional action u/s 263 is unwarranted.

[2023] 151 taxmann.com 47 (Delhi - Trib.) [31-05-2023]

ITR couldn't be filed on time due to CA, as she was discharging family obligation is 'genuine hardship', delay to be condoned

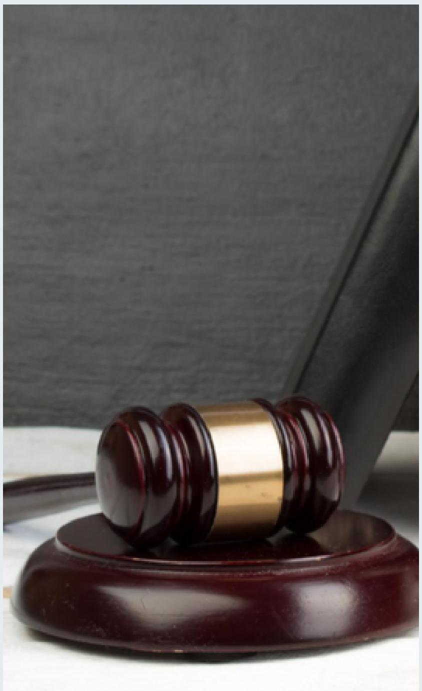
The Court held that the CBDT holds the authority, as per section 119(2)(b), to accept applications or claims for exemptions, deductions, refunds, or other relief under the Act even after the specified time limit has passed, if the Board deems it necessary to prevent genuine hardship. The Board has issued multiple instructions in the form of Circulars, with the most recent being Circular No. 9/15 dated 9-6-2015. Therefore, when reviewing requests for the extension of the deadline, the relevant authority must consider the presence of authentic hardship.

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

Director not liable for outstanding dues of Co. if he lacks financial control and decision-making power: Bombay High Court

The Bombay High Court held that if there are no explicit provisions in the statute, the duty or penalty liability of a company cannot be enforced against its Director, who is not personally liable for the company's obligations. Upon examination of Section 179(1) of the Act, it becomes evident that it offers a way for the Director to avoid such liabilities.

[2023] 151 taxmann.com 344 (Bombay)[12-06-2023]



Mere single day delay in uploading order or generating DIN not invalidate assessment order

In the case, the petitioner argues that order passed on march 31, 2022 was not communicated or uploaded before set deadline of March 31, 2022.

The Jharkhand HC analyzed Section 153(3) which provide authority of making of an assessment order. The HC said that Section 153(3) controls only making of order and there is no restriction or limitation period prescribed under section 153(3) for 'issue of order', 'uploading of order on web portal' or communication of order' and thus delay of only one day in uploading of order or generating DIN would not make assessment order unsustainable in law.

[2023] 151 taxmann.com 72 (Jharkhand)[21-02-2023]

Exemption to trust can't be denied merely due to delayed filing of audit report in form 10B: ITAT

The Income Tax Appellate Tribunal (ITAT) ruled that an assessee should not be denied a rightful exemption solely due to a procedural lapse, such as a delay in submitting the audit report in the prescribed format. The referenced judgment noted that the assessee had filed the audit report before the assessment was finalized. In contrast, in the current case, the assessee fulfilled the requirement during the appellate proceedings before the tribunal.

[2023] 150 taxmann.com 311 (Surat-Trib.)[28-02-2023]

No tax on carbon credit if it isn't an offshoot of business of environment concern: ITAT

The Tribunal held that Income earned from sale of RECs/ESCs (carbon credits) is a capital receipt and not business income as carbon credits is an offshoot from environmental concern and not an offshoot from business, thus it will not be taxable.

[2023] 151 taxmann.com 358 (Amritsar - Trib.)[13-06-2023]

Indirect Tax

Notifications/Circulars

E-Invoice verifier app introduced by GSTN

GSTN has introduced the E-Invoice Verifier App to simplify the verification of e-Invoices and related details. This app enables users to scan the QR code on an e-Invoice, confirming its accuracy and authenticity without any login or authentication process, making it user-friendly and convenient for all.

GSTN advisory Date 08/06/2023

CBIC notified important guidelines for processing of applications for GST registration

The CBIC issued guidelines to address the problem of fake gst registration, fake input tax and to strengthen the process of verification of applications for registration at the end of tax officers in a uniform manner. Important guidelines are:

1. Careful scrutiny of uploaded documents in the registration application is essential, ensuring legibility, completeness, and relevance.
2. Before application approval, verify the risk rating from the Directorate General of Analytics and Risk Management.
3. Check compliance status if the same PAN was previously used for registration.
4. Within 7 working days of application submission, issue notice (Form GST REG-03) to request clarifications.
5. If proper documentation or clarifications are not provided, the application may be rejected with reasons recorded in writing.
6. Physical verification of business location is required in doubtful situations or if Aadhar authentication is not completed.
7. A strict approach is warranted when significant negligence is observed on the part of the Officer.

INSTRUCTION NO. 3/2023-GST [F. NO. CBIC- 20006/15/2023-GST]

GSTN introduced new online functionality to differentiate GSTR-1 and GSTR-3B

The GSTN has introduced a new feature on the GST portal that allows taxpayers to explain any disparities between their GSTR-1 & 3B returns, as per the GST Council's directive. This functionality compares the liability declared in GSTR-1/IFF with the liability paid in GSTR-3B/3BQ for each return period. If the declared liability surpasses the paid liability by a set limit or the percentage difference goes beyond a certain threshold, the taxpayer will receive an intimation in the form of DRC-01B. In response to this intimation, the taxpayer must file a reply using Form DRC-01B Part B and provide clarifications, citing reasons from an automated dropdown, and furnish additional details if necessary to explain the discrepancy.

GSTN advisory dated 29/06/2023

CBIC extends deadline of GSTR-3B for May-2023 for districts of Kutch, Morbi, Jamnagar, Patan and Banas-Kantha of Gujrat

The CBIC has extended the deadline for filing the return (Form GSTR-3B) for the month of May 2023 until June 30, 2023. This extension is applicable to registered businesses located in the districts of Kutch, Jamnagar, Morbi, Patan, and Banaskantha in the state of Gujarat, who are required to submit the return under section 39(1) of the Central Goods and Services Tax Act ("the CGST Act"). The notification is effective from June 20, 2023.

NOTIFICATION NO. 17/2023–CENTRAL TAX [F. NO. CBIC-20006/16/2023-GST]

Extension in due date of filing GSTR-1, GSTR-3B and GSTR-7 for April & May 2023 for state of Manipur

The CBIC has extended the deadline of filing of GSTR-1, GSTR-3B & GSTR-7 for the month of April and May 2023 for taxpayers whose principal place of business is in the State of Manipur, till 30th June, 2023.

NOTIF. NO. 14/2023- CENTRAL TAX [G.S.R. 448(E)/F. NO. CBIC-20006/10/2023-GST]

Judicial Rulings

Bombay HC held section 13(8)b and section 8(2) of IGST constitutionally valid and legal

The Hon'ble Bombay High Court held that provisions of section 13(8)(b) and section 8(2) within the Integrated Goods and Services Tax Act, 2017 ("the IGST Act"). However, it's important to note that these specific sections are applicable only to the IGST Act and cannot be extended to impose taxes on services under the Central Goods and Services Tax Act, 2017 ("the CGST Act") and the Maharashtra Goods and Services Tax Act, 2017.

[2023] 151 taxmann.com 91 (Bombay) [06-06-2023]

GST applicable on promotion incentives of sale of products purchased via distributors: AAAR

The Appellate Authority for Advance Ruling observed that the agreement was established between the appellant and the manufacturer, not with the distributors. The incentive was received directly from the manufacturer and was not specifically tied to invoices for goods purchased from distributors. Consequently, the specified conditions for excluding the incentive as a trade discount from the taxable value were not met since the incentives received were distinct from transactions with distributors. Hence, it was held that the incentives should not be considered as trade discounts and cannot be deducted from the taxable value.

[2023] 151 taxmann.com 351 (AAAR-MAHARASHTRA)[13-06-2023]

GST authorities have power to conduct search and seizure proceedings in against SEZ units: HC

The Gujarat High Court, in its judgment, determined that GST authorities possess the authority to carry out search and seizure actions against assesses functioning within a Special Economic Zone (SEZ). Additionally, the Court imposed costs on the assessee for abusing the due process of law.

[2023] 151 taxmann.com 134 (Gujarat) [06-06-2023]

ITC can't be denied to the buyer merely because GST registration of supplier was cancelled retrospectively: HC

In this case, the Hon'ble High Court observed that during the transaction, the supplier's name as a registered taxable person was already recorded by the Government. The petitioner had made payments for the purchased items, including the applicable tax, through a bank transaction, not in cash. Consequently, it could not be argued that the petitioner had failed to comply with any statutory obligations before engaging in the transactions, as there was no inadequate verification.

Therefore, the Court ruled that the order rejecting the petitioner's Input Tax Credit (ITC) claim should be overturned. The department was directed to reconsider the petitioner's grievance, taking into account any documents that the petitioner intended to present in support of their ITC claim.

[2023] 151 taxmann.com 270 (Calcutta) [12-06-2023]

Interest payable for delayed GST refund disbursement: Jharkhand HC

In the case, the hon'ble Jharkhand High Court has directed processing of refund claim with interest when refund was initially sanctioned but not released citing technical difficulties. Regarding this, petitioner was informed after 30 months that order rejecting refund was issued but not served to petitioner. Department asked the petitioner to file a fresh refund. The court observed that filing refund claim again would result in loss of interest. So, the court held that the petitioner is entitled for interest after expiry of 60 days form receipt of application for refund at rate of 6% per annum till date of payment of refundable amount. Also, the court directed to process the claim refund along with interest within weeks.

[2023] 151 taxmann.com 391 (Jharkhand) [12-06-2023]

Corporate & Allied Laws

Notifications / Circulars

MCA extends deadline for filing of Form DPT-3 for the FY ended on March 31, 2023

The Ministry of Corporate Affairs (MCA) has decided to waive the extra charges for businesses submitting Form DPT-3 for the fiscal year ending on March 31, 2023, until July 31, 2023. This move is prompted by the shift from MCA-21 portal version 2 to version 3. Form DPT-3 is required from companies with outstanding loans classified as non-deposits. The regular deadline for submitting for DPT-3 is June 30th each year.

GENERAL CIRCULAR NO. 6/2023 [F.NO. POLICY-01/2/2021-CL-V-MCA-(PART-1)

Discontinuation of Mumbai Interbank Forward Outright Rate as a 'significant benchmark': RBI

The Reserve Bank of India (RBI) has made a significant announcement that will have a substantial effect on the financial sector. After June 30, 2023, the Mumbai Interbank Forward Outright Rate (MIFOR) will no longer be considered a 'significant benchmark'. This move is a response to the discontinuation of the US Dollar LIBOR. The update list by FBIL:

(i) Overnight Mumbai Interbank Outright Rate (MIBOR) (ii) USD/INR Reference Rate (iii) Treasury Bill Rates (iv) Valuation of Government Securities (v) Valuation of State Development Loans (SDL) (vi) Modified Mumbai Interbank Forward Outright Rate (MMIFOR).

CIRCULAR NO. FMRD.FMSD. 03/03.07.25/2023-24

MCA notifies March 31, 2024 as the due date for submission of form CSR-2 for FY 2022-23

The MCA has notified the Companies (Accounts) Second Amendment Rules, 2023. An amendment has been introduced to Rule 12 of the Companies (Accounts) Rules, 2014. Following the updated regulations, companies are now required to submit Form CSR-2 separately by March 31, 2024, for the fiscal year 2022-2023.

NOTIFICATION G.S.R. 408(E) [F.NO. 1/19/2013-CL-V-PART III]

SEBI introduced new amendments in SEBI (Mutual Fund) Regulation, 1996

SEBI notified some important amendments in Securities and Exchange Board (Mutual Fund) Regulation, 1996. Some of the key amendments are:

1. Introduction of the definition of “Liquid net worth” and “Net Asset Value.
2. Revised eligibility criteria for sponsors.
3. Introduction of new eligibility criteria if the sponsor doesn’t satisfy the ‘sound track record’.
4. Sponsors now permitted to disassociate from the AMCs and the mutual fund.
5. Chairperson of the board of directors of trustee company must be an independent director.

NOTIFICATION NO. SEBI/LAD-NRO/GN/2023/134

SEBI introduces methods for REITv and InvITs to achieve a minimum 25% public unit-holding

SEBI's regulations require listed InvITs and REITs with public unitholding below 25% to raise it to 25% within three years from unit listing. SEBI has outlined the approach to achieve this minimum public unitholding of 25% for both REITs and InvITs.

CIRCULAR NO. SEBI/HO/DDHS/PoD2/P/CIR/2023/106

MCA notifies LLP Rules, 2023; New Form 3 introduced

The MCA has issued the Limited Liability Partnership (Amendment) Rules, 2023. According to the existing rules, every LLP must submit details regarding their LLP agreement using Form No. 3 to the ROC within 30 days of incorporation. Now, the MCA has expanded the information requirements for Form No. 3. If the nominee is a body corporate, additional details, including the type of body corporate and specifics about LLPIN/ CIN/ FLLPIN/ Other Identification Number, must be provided.

NOTIFICATION NO. G.S.R. 411(E) [F. NO. 01/03/2021-CL-V (PT. IV)]

Policies & Schemes

Mukhyamantri Yuva Udhyam Protsahan Yojana

Along with the opportunities available in government and private sectors, entrepreneurship also has a vital role in driving economic development. In line with this, government of Rajasthan has introduced 'Mukhyamantri Yuva Udhyam Protsahan Yojana' to promote young entrepreneurs and encourage unemployed educated youth to set up their enterprises in the state. Under this scheme, young entrepreneurs will get interest subsidy along with margin money subsidy. This scheme was announced in budget of year 2023-24. This scheme will benefit around five thousand young entrepreneurs. An amount of Rs.100 Cr. will be spent. This scheme will encourage unemployed youth to set a good enterprise with a minimal investment. Also, it will provide solutions to various problems faced by the entrepreneurs. This scheme stands as a commendable step towards generating new opportunities for educated, unemployed youth and fostering self-employment in the state.

Operation Period

This scheme will be implemented under the name 'Mukhyamantri Yuva Udhyam Protsahan Yojana' and only available for enterprises set up in Rajasthan. Operational period of this scheme will be from 1 April, 2023 to 31 March, 2024.

Nature of Scheme

Financial institutions will extend loans to enterprises operating in manufacturing, service, and business sectors under this scheme.

Conditions for Eligibility

I. The applicant must be a resident of Rajasthan.

II. The applicant's age at the time of application must be between 18 and 35 years.

III. To be eligible for this scheme, the applicant must possess at least a graduate degree.

IV. Only micro and small enterprises (in the manufacturing, service, and business sectors) listed as per the Government of India's defined list of MSMEs at the time of application will qualify for interest subsidy and margin money added loans. Micro enterprises will be given priority.

V. This scheme is exclusively applicable to new enterprises. Expansion and modernization of existing operational enterprises will not be eligible for participation in this scheme.

Financial Institutions Providing Loans:

Following financial institutions will be providing loans under this scheme:-

- Nationalized commercial bank.
- Regional Rural Banks (RRBs)
- Rajasthan Financial Corporation.
- RBI authorized scheduled commercial bank and scheduled small finance bank of private sector.
- Small Industries Development Bank of India (SIDBI)
- Urban Cooperative Banks.

Agency for Implementation of the Scheme:

This scheme will be implemented via district industry and commerce centers functioning under industry and commerce department. Office of commissioner of industry and commerce will be nodal agency at the state level for implementation and observation of the scheme.

Provisions Related to Loan Limit:

Loan Limit:

For the establishment of a new enterprise, the loans offered will be in the form of composite loans (combining term and working capital loans) or term loans. In the case of manufacturing and service enterprises, the working capital component of the loan will have a maximum limit of 40% of the total loan amount. Only working capital term loans and cash credit limits will be considered for the working capital portion. Business enterprises, on the other hand, can avail a maximum working capital limit of 75% of the total loan amount. The loans will be provided by banks and financial institutions at prevailing interest rates. The financial viability of the loan will be assessed by the respective financial institution. In case of any dispute, concerned financial institution will take decision at its level.

Provisions Related to Rate of Interest Subsidy

Under this scheme, Minimum contribution will be 10% and maximum loan will be 90%.

Interest Subsidy:- The interest subsidy provided under the scheme is based on loan amount. Interest subsidy, on the loan amount up Rs. 25 lakhs will be 8% and on the loan amount from more than Rs. 25 lakhs to Rs. 1 Cr., it will be 6%.

Provisions Related to Margin Money

Margin Money:- The margin money subsidy will be either 10% of the project cost for men or 15% of the project cost for women, whichever amount is lower, with a maximum limit of Rs. 5 lakhs. This subsidy amount will be deposited in the relevant financial institution as a short-term deposit. The state government will not pay any interest on this deposit, and the person who has taken the loan will not be charged any interest on the equivalent amount to this short term deposit.

Once the loan is disbursed for establishing the project and running the enterprise for a period of 3 years, the borrower's account will be subjected to adjustment of the margin money subsidy amount, provided that the borrower has not defaulted. This adjustment will be made after a departmental inquiry and the issuance of an adjustment order. In the event that the enterprise ceases to operate within the 3-year timeframe, the bank will return the entire margin money amount to the industry department without any interest.

Individuals receiving benefits from any central or state government scheme will not be eligible for margin money subsidies. However, they will remain eligible for other enterprise promotion schemes administered by the central and state governments.

Provision Related to loan:

If interest rate on the loan provided by the financial institution is equal to or less than 10% (15% for females), then 100% interest subsidy will be payable.

Promotion of Collateral Security:

According to RBI guidelines, No collateral security is required for loans up to Rs. 10 lakhs.

Loan Period and Relaxation in Repayment Period:

Under this scheme, the interest subsidy on loans provided by financial institutions will be applicable for a maximum duration of 5 years, starting from the date of loan disbursement. The loan period can exceed 5 years, the interest subsidy will only be provided for the initial 5 years. Borrowers will be granted a maximum relaxation period of 6 months for loan repayment, as determined by the financial institution. The length of this relaxation period will depend on factors such as the nature and profitability of the enterprise, as well as the borrower's repayment capacity. The interest subsidy will continue to be applicable during the relaxation period, as long as the borrower regularly pays the interest amount.

Term and Conditions of Scheme:

I. The loan amount can only be utilized for the specific purpose it was initially granted for.

II. Interest subsidy will be payable to enterprises in case of timely repayment of their loans. The financial institution will issue a demand letter stating that the borrower has not defaulted on loan repayment and that the project is functioning as intended. The subsidy will be disbursed after the general manager of the relevant district industry and commerce centre authorizes it.

III. If the entrepreneur successfully regularizes the loan account after it becomes NPA, they will still be eligible for interest subsidy during that period, subject to the conditions specified in the loan approval order.

Application Process and Implementation of Scheme:

The application for the scheme must be submitted online and will undergo processing based on the guidelines established for implementing the scheme. The Office of the Commissioner of the Industry and Commerce Department will be responsible for determining the draft application form, fulfilling necessary requirements, overseeing the application process, including the provision of margin money subsidies, and issuing comprehensive instructions.

Professionals Desk

Filing ITR-U: A Comprehensive Guide to rectify ITR

Have you ever made a mistake while filing your income tax return (ITR) or forgot to mention some income? Well, there is nothing to worry about! In the union budget, the government has introduced a way to fix those errors or omissions. It's called the ITR-U Form.

What is Income Tax Updated Return ITR-U?

ITR-U is a form under the section 139(8A) of the Income Tax Act that lets you update your income tax return if you've made mistakes or missed reporting certain income. This is allowed for up to two years from the end of the specific assessment year. For example, for the assessment year 2022-23, an an updated return can be filed by 31 March 2025.

Who can opt for ITR-U?

If you have made some error or left out any income detail in any of below given situation, you can opt for ITR-U:

- The original return of income.
- A return filed late (belated return).
- A revised return.

You can also file update return in case of following situations:

- If you didn't file ITR or failed to submit ITR on time and also missed chance to file belated return before deadline.
- Declaration of income was not correct.
- Chose wrong category of income.
- Tax was paid at the wrong rate.
- need to adjust certain losses or tax credits.

When an ITR-U can't be submitted?

In following situations, an ITR-U can't be submitted:

- If you have already filed an updated return.
- If the updated return shows lowered income tax liability from the earlier filed return.
- The update return results in increased tax refund.
- Search has been initiated under section 132.

- A survey is done under section 133A.
- The tax authorities have asked for the book of accounts or other records under section 132A.
- If AO has information under PMLA, black money, Benami Property Transaction Act or FEMA.
- If any process of evaluating, rechecking, recalculating, or changing previous assessments is either ongoing or finished in that year.

And what about additional Tax?

Yes, if you want to avail the benefits of section 139(8A), You need to pay an additional tax. The amount depends on when you file the updated return.

- Within 12 months from the end of the relevant assessment year: 25% of additional tax + interest.
- Within 24 months from the end of the relevant assessment year: 50% of additional tax + interest.

Time limit for filing an Income Tax Updated Return:

You have up to 24 months from the end of the relevant assessment year to use ITR-U. This rule is effective from April 1, 2022. So, for the current financial year 2022-23, you can use ITR-U for assessment years 2020-21 and 2021-22. For instance you can update your return for the financial year 2019-20 until March 31, 2023.,

How to file ITR-U?

In accordance with the Income Tax regulations, you are required to submit an updated return (ITR-U) along with a revised version of the relevant ITR form (ITR 1 – 7).

The ITR-U form has two following parts:

- Part A: For General Information.
- Part B: ATI Computation Of Total Updated Income And Tax Payable.

Verification of ITR-U

There are 2 ways to verify ITR-U:

- Digital Signature Certificate (DSC)- In case of non-tax audit
- Electronic verification Code (EVC)- For tax audit

Calculation of Income tax payable for ITR-U:

Section 140B of the IT Act 1961 explains the process of calculation of ITR-U.

Payable Tax + Interest + late fees for nonfiling of Income Tax (if any) + Payable amount as Additional Tax (For availing benefit of Section 139(8A))= Total Income Tax Liability.

Total Income Tax Liability (as above) – TDS/TCS/Advance Tax/Tax Relief etc = Net Tax Liability u/s 140B

Differences between an Updated ITR u/s 139(8A) and a Revised ITR u/s 139(5):

1. Filing Requirement- You can submit an Updated ITR even if you haven't filed the original or belated ITR. But you cannot file a Revised ITR if you haven't filed the original or belated ITR.
2. Penalty- There's no penalty for filing a Revised ITR. But if you file an Updated ITR, you might need to pay extra tax, which could be 25% to 50% of your tax liability (as per Section 140B).
3. Reasons for Filing- You can file an Updated ITR only when you owe more tax, not when you want to lower your tax, increase a refund, or claim a loss. On the other hand, you can file a Revised ITR for various reasons, like claiming a loss, increasing a refund, or changing your tax liability.
4. Number of Times- You can revise your return multiple times. But you can only submit an Updated ITR once.

Conclusion

ITR-U is your second chance to fix mistakes in your income tax return. Just remember, there's a time limit of 24 months from the end of the relevant assessment year. So, if you've missed something in your tax return, ITR-U is your way to make things right and stay on the right side of the tax law.

Table: Computation of Tax Payable under Updated Return

Sr No.	Particulars	Figure to be Matched from	Amount (in Rs)
i	**Tax payable** on additional income as per modified ITR (as per Part B-TTI of modified ITR)	Modified ITR (submitted along with ITR-U)	xxxxx
ii	**Interest levied** if any, on additional income under Section 234A/234B/234C (as per Part B-TTI of modified ITR)	Modified ITR (submitted along with ITR-U)	xxxxx
iii	**Late fee** if any, under Section 234F (as per Part B-TTI of modified ITR)	Modified ITR (submitted along with ITR-U)	xxxxx
iv	**Taxes paid or relief** TDS/TCS/Advance Tax/regular assessment tax/Relief		xxxxx
v	**Total refund** issued (including interest)/claimed as per the original return.	Original return filed	xxxxx
vi	**Aggregate tax liability** on additional income	Amount of i+ii+iii+v-iv	xxxxx
vii	**Additional tax** 25% or 50% on (**vi-iii**)		xxxxx
viii	**Net Amount Payable**	Amount of vi+vii	xxxxx

CFO's Eye

ISSB issues Sustainability Disclosures Standards

The International Sustainability Standards Board (ISSB) has introduced its first disclosure rules: IFRS S1, which outlines general requirements for sharing sustainability-related financial information, and IFRS S2, which focuses on disclosing climate-related information. The ISSB's goal in launching these standards is to make sure that companies reveal details about their risks and opportunities related to climate in a way that helps people using regular financial reports to decide whether to support the company.
Starting from January 1, 2024, companies need to use IFRS S1 and IFRS S2 for their yearly reports. They can choose to follow these rules even earlier if they want. If a company decides to follow the standards before the mandatory date, they need to say so and follow both rules at the same time.

SEBI introduces significant amendments to SEBI LODR Regulations, 2023

On June 14, SEBI has notified SEBI (LODR) (2nd Amendment), 2023. Some of the key amendments are:

1. The threshold for disclosing material information will be determined based on turnover, net worth (unless negative), and the average absolute value of post-tax profits or losses over the past three years. Additionally, any ongoing event or information that becomes significant due to this amendment must be disclosed by August 13, 2023.
2. Disclosure timelines will be made more stringent, ranging from as early as 30 minutes to a maximum of 24 hours from the moment an event occurs or a meeting is held.
3. Each publicly listed company must confirm, refute, or provide clarification regarding any reported event or rumor in the mainstream media within 24 hours of the event or information being reported. This rule applies to the top 100 listed companies starting from October 1, 2023, and to the top 250 listed entities from April 1, 2024.

4. The disclosure requirements now encompass communication received from regulatory, statutory, enforcement, or judicial bodies, as well as agreements that impact management, control, restrictions, or liabilities. These requirements extend to agreements made by shareholders, promoters, related parties, directors, Key Management Personnel (KMP), and employees, regardless of their direct involvement.
5. Shareholder approval will be necessary once every five years for continuing directors, starting from April 1, 2024.

SEBI issues format of 'Compliance Report on governance' and 'Annual Secretarial Compliance report' for REITs

As per Regulations 26D & 26E of SEBI (REITs) Regulations, 2014, manager of REIT is required to submit a quarterly compliance report on governance and an annual secretarial compliance report to the recognized stock exchange. Now, SEBI has specified the formats of the ‘Compliance Report on Governance’ and ‘Annual Secretarial Compliance Report’ for REITs. Further, both reports shall also be made part of the annual report of the REIT. The circulars shall come into force w.e.f F.Y. 2023-24 onwards.

SEBI prescribes format of 'Compliance Report on Governance' and ‘Annual Secretarial Compliance Report’ for InvITs

According to Regulation 26K of the SEBI (InvITs) Regulations from 2014, the investment manager needs to send a governance compliance report to the recognized stock exchanges every quarter within 21 days after the quarter ends. This report should be signed by either the compliance officer or the chief executive officer of the investment manager. According to regulation 26J of the same SEBI regulations, the investment manager is required to provide a secretarial compliance report given by a practicing company secretary to the stock exchanges within 60 days after the end of each financial year.

Systems & forensics

Frauds in the News

Fraud construction scheme falsely claims links to minority and women-owned businesses

In May, the Manhattan district attorney charged eight individuals and six construction firms with fraud and corruption. They're accused of lying about hiring businesses owned by minorities and women to win profitable government contracts. Lawrence Wecker, who owns JM3 Construction, and project manager Michael Speier are said to have faked business records along with others. This helped them secure affordable housing contracts with government support. Instead of using the intended minority and women-owned companies, they went with other contractors, putting real MWBE companies at a disadvantage.

Wecker's company is also accused of taking money from subcontractors and manipulating bid prices for projects. This allowed them to win projects with higher costs, leading to over $2 million in losses for the New York State Insurance Fund.

U.K forms new investigation team for its fight against fruad

The U.K. government has set up a new team of 400 people to investigate fraud because it's becoming a bigger problem and more expensive for the country. As part of this, the government is stopping unwanted phone calls that try to sell financial stuff, like cryptocurrencies. They will also work with a group that looks after communication rules to stop callers from pretending to be someone else and to prevent criminals from sending lots of text messages. The U.K.'s Home Secretary, Suella Braverman, said it's really important to deal with this problem in a new way. They want to use everything they can - the government, the police, businesses, and other countries - to find these criminals, stop their tricks, and make them face the consequences.

Fraud in the U.K. has gone up a lot, affecting about one out of every 15 people and costing around $8.72 billion each year. The government says 70% of this fraud either starts in other countries or is connected to them. They're planning to hold the country's first international fraud meeting to encourage countries to work together more closely.

ACFE FRAUD MAGAZINE

Information Security Matters: Selling Security's Value Proposition

In today's digital world, keeping information safe is super important for all kinds of organizations. Whether they're businesses or groups that help the community, they need to make sure information doesn't get into the wrong hands. Let's talk about 3 big ideas: privacy, making money, and doing good.

First, there's privacy. This means making sure personal and important info is kept safe. Imagine if a company said their products were really secure, but then their system got hacked! That wouldn't be good. So, the author suggests that companies should also tell people how they're protecting their info. This could build trust and help them feel better about using the company's stuff.

Next, let's talk about making money. Companies usually want to make profits, which means more money. But the author thinks that even though privacy and security might not always directly make money, they're still really important. Without good security, things could go wrong, and that might hurt a company's reputation and its value. So, it's like an investment to keep things safe.

Lastly, there's doing good. Some people believe that companies should care about more than just making money. They should think about the environment, being fair to everyone, and doing the right thing. The author believes that information security is part of this. If we want society to work well, we need good security to keep everything together. Just like how our bodies need strong bones, society needs strong security to stay strong.

The author points out that we can do a better job of showing how important security is. Instead of just saying, "Look, we haven't been hacked," we should say, "Our security makes sure your info is safe, our products work well, and you can trust us." This positive approach can help everyone see the real value of good security.

So, in a world where information is like treasure, protecting it is like guarding that treasure. It's not just about money, it's about trust, doing good, and making sure things stay strong and safe for everyone.

ISACA JOURNAL COLUMN

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

ISSB
International Sustainability Standard Board

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

PAN
Personal Account Number

QRMP
Quarterly Returns with Monthly Payments

RCM
Reverse Charge Mechanism

REITs
Real Estate Investment Trust

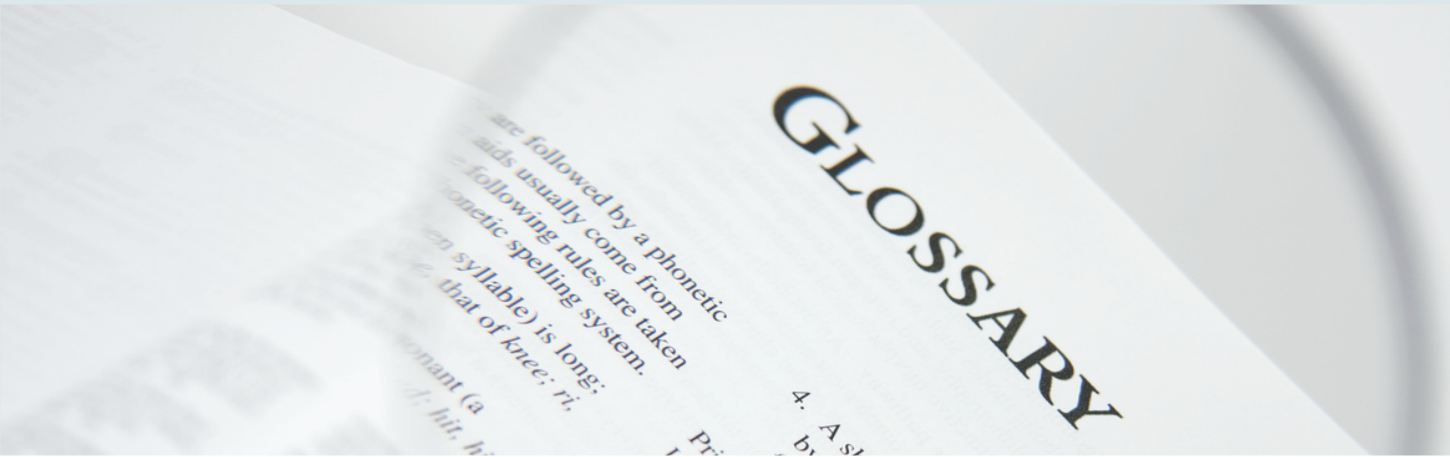
RIPS
Rajsthan Investment Promotion scheme

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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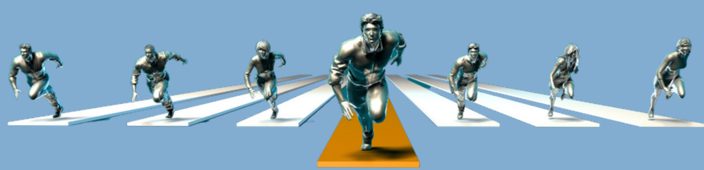

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