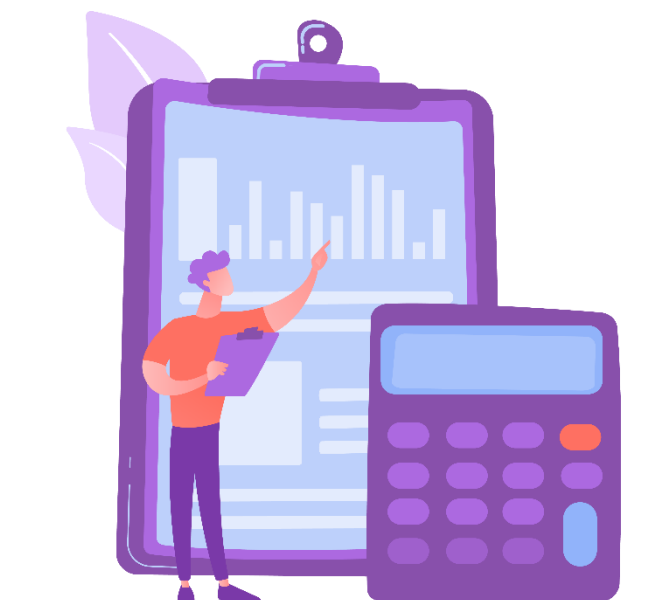




MONTHLY UPDATES

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1. GOODS AND SERVICE TAX



Goods and Services Tax Updates (1/5)

❑ 1. E-invoice exemption declaration functionality now available on GST portal

The e-invoice exemption declaration functionality is now live on GST portal. The functionality is designed for taxpayers who are by default enabled for e-invoicing but are exempted from implementing it under the CGST Rules. Salient features of the functionality are:

- It is voluntary and can be accessed at the e-Invoice portal (www.einvoice.gst.gov.in)
- Any declaration made using this functionality will not change the e-invoice enablement status of the taxpayer
- The facility to report exemption declaration is purely for business facilitation purposes.

❑ 2. Central Board of Indirect Taxes & Customs (CBIC) issues clarification regarding taxability of services provided by an office of a taxpayer in one state to an office of the taxpayer in another state, both being distinct persons

CBIC has issued a clarification vide Circular No. 199/11/2023-GST dated 17 July 2023 regarding taxability of services provided by one office to another office of the same organisation in different states, both being distinct persons. The clarifications issued by CBIC are as below.

Distribution of ITC in respect of common input services procured from a 3rd party (attributable to both HO and BOs or exclusively to one or more BOs)

Whether HO can avail ITC in respect of such common input services, issue tax invoice to the BOs for said input services and BOs can then avail ITC for the same?

OR

Whether is it mandatory for the HO to follow the Input Service Distributor ('ISD') mechanism for distribution of ITC in respect of such common input services?

It has been clarified by CBIC that HO has an option to distribute ITC in respect of such common input services by following the ISD mechanism. However, as per the current CGST Act and CGST Rules, it is not mandatory for HO to distribute such ITC by ISD mechanism.

Goods and Services Tax Updates (2/5)

- ❑ **2. Central Board of Indirect Taxes & Customs (CBIC) issues clarification regarding taxability of services provided by an office of a taxpayer in one state to an office of the taxpayer in another state, both being distinct persons (...Contd.)**

HO can also issue tax invoice to the concerned BOs in respect of common input services procured from a 3rd party. The BOs can then avail ITC on the same subject to the provisions of CGST Act.

In case HO distributes / wishes to distribute ITC to BOs through the ISD mechanism, HO is required to get itself mandatorily registered as an ISD in accordance with section 24(viii) of the CGST Act. Distribution of ITC to BOs can be made through ISD mechanism only if the said input services are attributable to the said BO or have actually been provided to the said BO. Similarly, HO can issue tax invoices to the BOs, only if the said services have actually been provided to the concerned BOs.

Computation of value of internally generated services provided by HO to BO when:

(a) Full ITC is available to BO

- There may be instances where HO may not be issuing invoice to the BOs with respect to such services, or the HO may not be including the cost of a particular component (such as salary cost of employees involved in providing said services) while issuing the invoice to BOs. Whether the HO is mandatorily required to issue invoice to BOs u/s 31 of CGST Act for such internally generated services, and / or whether the cost of all components (including salary cost of HO employees involved in providing said services) has to be included in the computation of value of services provided by HO to BOs when full ITC is available to the concerned BOs.
- In respect of services supplied by HO to BOs, the value of services declared in the invoice by HO is deemed to be open market value of such services (for the purpose of calculation of GST), if the recipient BO is eligible for full ITC. The value so declared in the invoice shall be considered to be the open market value, irrespective of the fact whether cost of any particular component of such services, like employee cost, etc. has been included or not in the value of services in the invoice. Further, in such cases where full ITC is available to the recipient, if HO has not issued an invoice to the BO, the value of such services may be deemed to be declared as Nil by HO to BO, and may be deemed as open market value as per CGST Rules.

Goods and Services Tax Updates (3/5)

- ❑ **2. Central Board of Indirect Taxes & Customs (CBIC) issues clarification regarding taxability of services provided by an office of a taxpayer in one state to an office of the taxpayer in another state, both being distinct persons (...Contd.)**

(b) Full ITC is not available to BO

Whether in such cases, the cost of salary of employees of HO involved in providing said services to the BOs, is mandatorily required to be included while computing the taxable value of the supply of services.

- No

- ❑ **3. Recommendations made by the GST Council in its 50th Meeting held on July 11, 2023**

The 50th Meeting of the GST Council was held on 11 July 2023 under the chairpersonship of the Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. Key recommendations were made in the following areas:

- GST Rate changes
- Measures for facilitation of trade
- Measures for streamlining compliances in GST

Notifications to give effect to the recommendations of the 50th GST Council Meeting:

S.No	Notification	Particulars
1	Notification No. 26/2023-Central Tax dated 17 July 2023	Extend amnesty for GSTR-10 (Final Return upon cancellation / surrender of GST registration) for non-filers till 31 August 2023
2	Notification No. 25/2023-Central Tax dated 17 July 2023	Extend amnesty for GSTR-9 (GST Annual Return) for non-filers till 31 August 2023
3	Notification No. 24/2023-Central Tax dated 17 July 2023	Extend amnesty scheme for deemed withdrawal of assessment orders till 31 August 2023
4	Notification No. 23/2023-Central Tax dated 17 July 2023	Extend time limit for application for revocation of cancellation of registration till 31 August 2023

Goods and Services Tax Updates (4/5)

3. Recommendations made by the GST Council in its 50th Meeting held on July 11, 2023

S.No	Notification	Particulars
5	Notification No. 22/2023-Central Tax dated 17 July 2023	Extend amnesty for GSTR-4 (Return to be filed by Composition Dealer) for non-filers till 31 August 2023
6	Notification No. 21/2023-Central Tax dated 17 July 2023. Notification No. 20/2023-Central Tax dated 17 July 2023. Notification No. 19/2023-Central Tax dated 17 July 2023. Notification No. 18/2023-Central Tax dated 17 July 2023	Extend the due date for furnishing Form GSTR-7 (TDS Return), Form GSTR-3B (Summary Return) and Form GSTR-1 (Outward Supplies) for the period April – June 2023 for registered persons in Manipur

Circulars to give effect to the recommendations of the 50th GST Council Meeting:

S.No	Notification	Particulars
1	Circular No. 198/10/2023-GST dated 17 July 2023	Taxpayers required to generate e-invoices should issue e-invoices for supplies made to Government authorities and Public Sector Undertakings (PSUs) registered solely for the purpose of Tax Deduction at Source (TDS)
2	Circular No. 197/10/2023-GST dated 17 July 2023	Clarification on refund-related issues.
3	Circular No. 196/10/2023-GST dated 17 July 2023	Taxability of share capital held in subsidiary company by the parent company.

Goods and Services Tax Updates (5/5)

3. Recommendations made by the GST Council in its 50th Meeting held on July 11, 2023

Circulars to give effect to the recommendations of the 50th GST Council Meeting:

S.No	Notification	Particulars
4	Circular No. 195/10/2023-GST dated 17 July 2023	Availability of Input Tax Credit (ITC) in respect of warranty replacement of parts and repair services during warranty period.
5	Circular No. 194/10/2023-GST dated 17 July 2023	Tax collected at Source (TCS) liability in case of multiple E-commerce Operators in 1 transaction.
6	Circular No. 193/10/2023-GST dated 17 July 2023	Deals with difference in ITC availed in Form GSTR3B as compared to that detailed in Form GSTR-2A for the period 1 April 2019 to 31 December 2021.
7	Circular No. 192/10/2023-GST dated 17 July 2023	Charging of interest in cases of wrong availment of IGST credit and reversal thereof

2. DIRECT TAX



Direct Tax Updates (1/9)

❑ **Condonation of delay in filing Income-tax Return (ITR) by Cooperative societies claiming tax deduction u/s 80P of the Income-tax Act, 1961**

Section 80P of the Income-tax Act provides for tax deduction in respect of income of co-operative societies. On a conjoint reading of section 80P with section 80AC of the Income-tax Act, for the Assessment Year 2018-19 onwards, tax deduction is allowable for such taxpayers only if they file their ITRs timely within the prescribed time limit under the law.

Reportedly, Central Board of Direct Taxes has received applications from cooperative societies claiming deduction u/s 80P for AY 2018-19 to AY 2022-23, seeking condonation of delay in filing ITR caused by delays in getting their accounts audited under state laws. Their request is to treat the returns as filed within the due date.

To mitigate genuine hardship, CBDT has authorized the Chief Commissioners of Income-tax / Directors General of Income-tax to deal with such applications for condonation of delay pending before the CBDT, on merits in accordance with law where the taxpayer is required to get its accounts audited under the respective state law.

❑ **Exemption from requirement to withhold tax at source u/s 194 from dividend paid by unit of an International Financial Services Centre (IFSC) engaged in business of leasing aircraft**

Section 10(34B) is a newly inserted provision in the Income-tax Act, allowing tax exemption of dividend income earned by a unit in IFSC engaged in business of leasing of aircraft.

The dividend income must have been earned from another unit in IFSC engaged in business of leasing of aircraft. To align the withholding tax provision u/s 194 of the Act with the above exemption provision, CBDT has exempted the payer-unit in such case from requirement to withhold tax on payment of dividend to the payee-unit. The move is aimed at promoting growth in aviation finance sector in India.

Certain compliances need to be ensured, such as the below.

- The payee unit shall furnish a statement-cum-declaration in Form 1 (given below) to the payer giving details of the relevant year in which tax exemption u/s 10(34B) is available to the payee
- Payer shall duly report all such payments on which tax has not been deducted at source, while submitting its quarterly withholding tax returns, so that the Government can track it

Direct Tax Updates (2/9)

❑ Exemption from requirement to withhold tax at source u/s 194 from dividend paid by unit of an International Financial Services Centre (IFSC) engaged in business of leasing aircraft (Contd....)

Section 56(2)(x) of the Income-tax Act is in the nature of an anti-abuse provision which calls for levy of tax (on notional income) under the head 'income from other sources' in the hands of recipient in case the latter receives an asset at less than its fair value computed as per Income tax Rules.

Rule 11UAC of the Income-tax Rules, 1962 prescribes certain transactions which are exempt from the clutches of section 56(2)(x).

- To promote establishment of entities in International Financial Services Centre (IFSC) and make relocation a tax-neutral transfer, the Finance Act 2021 has inserted clauses (viiac) and (viiad) to section 47 in the Income-tax Act. Accordingly, such transfers are not subject to capital gains tax. The Gujarat International Finance Tec (GIFT) City in Gujarat is the 1st IFSC in India.

Section 47(viiac) provides that any transfer of a capital asset by the 'original fund' to the 'resultant fund' at the time of 'relocation' of the entity to an IFSC shall not be considered as a taxable transfer. Similarly, section 47(viiad) provides that any transfer by a shareholder (or unitholder or interest holder) of a capital asset being a share (or unit or interest) held by him in the original fund in consideration for the share (or unit or interest) in the resultant fund at the time of relocation, shall not be considered as a transfer.

- 'Original Fund' for this purpose has been defined to mean a fund established outside India, which collects funds from its members for investing for their benefit and fulfils prescribed conditions.
- 'Resultant Fund' means a fund established in an IFSC in India and has been granted a certificate of registration as a Category I or Category II or Category III Alternative Investment Fund as per Securities Exchange Board of India (SEBI) regulations.

'Relocation' means transfer of assets of the original fund to a resultant fund on or before 31 March 2025, where consideration for such transfer is discharged in the form of share (or unit or interest) in the resulting fund to;

- Shareholder (or unit holder or interest holder) of the original fund, in the same proportion in which the share (or unit or interest) was held by such shareholder (or unit holder or interest holder) in such original fund, in lieu of their shares or units or interests in the original fund; or
- The original fund, in the same proportion as referred to above, in respect of which the share (or unit or interest) is not issued by resultant fund to its shareholder (or unit holder or interest holder)

Direct Tax Updates (3/9)

❑ Exemption from requirement to withhold tax at source u/s 194 from dividend paid by unit of an International Financial Services Centre (IFSC) engaged in business of leasing aircraft (Contd....)

Notification No. 51 issued by CBDT on 18 July 2023

CBDT has issued a notification amending Rule 11UAC to widen the scope of non-applicability of section 56(2)(x) to fund relocation to IFSC. Shares (or units or interest) received by the 'fund management entity' of the resultant fund, in lieu of shares (or units or interest) held by the 'investment manager entity' in the original fund, won't be taxable if the following conditions are met:

- Not less than 90% of shares (or units or interest) in the 'fund management entity' of the resultant fund are held by the same entities in the same proportion as held by them in the 'investment manager entity' of the original fund; and
- Not less than 90% of the aggregate of shares (or units or interest) in the 'investment manager entity' of the original fund was held by such entities.

'Fund management entity' for this purpose has been defined under the IFSC Authority (Fund Management) Regulations, 2022. 'Investment manager entity' means the fund manager of the original fund regulated by the respective regulation of the jurisdiction in which the original fund is located.

❑ Tax exemption to non-resident of income received on distribution of Offshore Derivative Instruments (ODI) entered into with an offshore banking unit in IFSC

Section 10(4E) of the Income-tax Act allows tax exemption on income of non-resident on transfer of ODI entered into with IFSC Banking Unit. The IFSC Banking Unit makes investments in permissible Indian securities, income on which is taxable as capital gains, interest, dividend u/s 115AD. Once the tax is paid, the IFSC Banking Unit passes on such income to the ODI holders

Prior to amendment by Finance Act, 2023, tax exemption was available only on transfer of ODI and not on distribution of income to the non-resident ODI holder, leading to double taxation of such distributed income, i.e., 1st when received by the IFSC Banking Unit and 2nd, when the same income is distributed to the non-resident ODI holder

Consequently, to remove incidence of double taxation, section 10(4E) was amended by Finance Act 2023 to say that tax exemption shall be available to the non-resident investor not only on transfer of ODI, but also distribution of income on ODI, entered into with an offshore banking unit of an IFSC. Such exempt income shall include only that amount which has been taxed in the hands of IFSC Banking Unit u/s 115AD

Direct Tax Updates (4/9)

❑ Tax exemption to non-resident of income received on distribution of Offshore Derivative Instruments (ODI) entered into with an offshore banking unit in IFSC

Notification No. 50 issued by CBDT on July 17, 2023

Consequent to the above amendment by Finance Act 2023, CBDT has made the necessary amendment in Rule 21AK of the Income-tax Rules to align the same with section 10(4E) of the Income-tax Act. Rule 21AK was inserted in the Income-tax Rules in December 2021 and mentions the conditions to be fulfilled by the non-resident investor for being entitled to the tax exemption u/s 10(4E).

❑ Tax Collection at Source (TCS) – Central Board of Direct Taxes (CBDT) announces relief measures on TCS on Liberalized Remittance Scheme (LRS) & overseas tour program package

What is LRS?

A scheme of the Reserve Bank of India, wherein a resident individual can remit up to USD 250,000 per year for any permissible current / capital account transaction.

Increase in rate of TCS vide Finance Act 2023

Prior to the Finance Act 2023, TCS was applicable as below:

- 5% on LRS remittances outside India in excess of Rs. 7 lakh (0.5% in case of remittance for education purposes financed by loans from qualifying financial institutions)
- 5% on sale of overseas tour program package (without any threshold limit of Rs. 7 lakh)

The Finance Act 2023 increased the TCS rate as below, in order to tax the luxury/ wealthy segment of the society

- 20% on LRS remittances (except in case of remittances for education and medical purposes) without the threshold limit of Rs. 7 lakh
- 20% on sale of overseas tour program package The amendments were to come into force from 1 July 2023 onwards.

Earlier, overseas use of international credit cards was not included within the said overall limit of LRS. However, with a slight modification in law in the month of May 2023, all international credit card transactions overseas have been brought under LRS, implying that TCS @ 20% will be applicable to all international credit card transactions by a person when he is abroad. This caused widespread concern in industry who made representations to the Government.

Direct Tax Updates (5/9)

❑ Tax Collection at Source (TCS) – Central Board of Direct Taxes (CBDT) announces relief measures on TCS on Liberalized Remittance Scheme (LRS) & overseas tour program package (Continued....)

Press Release dated 28 June 2023 issued by Finance Ministry

Consequent to the uproar by public, the Finance Ministry issued a Press Release on 28 June 2023 introducing following changes:

- Restoration of threshold of Rs. 7 lakh
 - ✓ There will be no change in TCS rate for all purposes under LRS and for overseas tour program package, regardless of mode of payment, for amounts up to Rs. 7 lakh per individual per annum
 - ✓ Accordingly, for 1st LRS up to Rs. 7 lakh, there shall be no TCS. Beyond this threshold, TCS shall apply as follows:
 - 0.5% if remittance for education is financed by education loan
 - 5% in case of remittance for education other than (a) above or medical treatment
 - 20% for others

However, for purchase of overseas tour program package, TCS shall continue to apply @ 5% for the 1st Rs. 7 lakh per annum and 20% rate will apply for expenditure above this limit.

- International credit card transactions would be excluded from LRS, implying such transactions would not be subject to TCS. This would give time to banks and credit card networks to implement requisite IT solutions
- Effective date for applicability of higher rate of TCS deferred from 1 July 2023 to 1 October 2023. Till 30 September 2023, earlier rates of TCS which prevailed prior to amendment by Finance Act 2023 shall continue to apply.

Nature of Payment	Earlier rate of TCS (applicable till 30 September 2023)	New rate of TCS (applicable from 1 October 2023 onwards)
LRS for education financed by loan	<ul style="list-style-type: none"> • Nil, upto Rs. 7 lakh • 0.5% above Rs. 7 lakh 	<ul style="list-style-type: none"> • Nil, upto Rs. 7 lakh • 0.5% above Rs. 7 lakh
LRS for medical treatment/ education (other than financed by loan)		
LRS for other purposes		<ul style="list-style-type: none"> • Nil, upto Rs. 7 lakh • 20% above Rs. 7 lakh
Purchase of overseas tour program package	5% (without threshold)	<ul style="list-style-type: none"> • 5% till Rs. 7 lakh • 20% above Rs. 7 lakh

Direct Tax Updates (6/9)

❑ Tax Collection at Source (TCS) – Central Board of Direct Taxes (CBDT) announces relief measures on TCS on Liberalized Remittance Scheme (LRS) & overseas tour program package (Continued....)

Circular no. 10 dated 30 June 2023 issued by CBDT

On 30 June 2023, CBDT issued a Circular providing various clarifications by way of responses to Frequently Asked Questions (FAQs) on the matter, including:

- Applicability of threshold limit of Rs. 7 lakh
- Process for monitor of threshold limit by obtaining undertaking from remitter
- Applicability of TCS on purchase of overseas tour program package from foreign tour operator
- Non-applicability of TCS on stand-alone travel and hotel bookings
- Inclusion of incidental expenses related to education and medical for TCS at lower rate

To summarize;

- No TCS shall be applicable on expenditure incurred through international credit card while being overseas, till further order
- The threshold limit of Rs. 7 lakh is a combined threshold for applicability of TCS on LRS irrespective of the purpose of remittance. Such was the position prior to amendment by Finance Act 2023, i.e., till 30 September 2023
- The threshold limit of Rs. 7 lakh is for the whole of FY 2023-24. If the threshold limit has already been exhausted, all subsequent remittances under LRS, whether in the 1st half or 2nd half of FY 2023-24, would be liable for TCS at applicable rate
- The threshold limit of Rs. 7 lakh is applicable;
 - Per remitter and not per Authorised Dealer, and
 - Independently for LRS and overseas tour program package
- In case of purchase of overseas tour program package from a foreign tour operator for which money is remitted under LRS, the TCS provision for purchase of overseas tour program package shall apply and not TCS provision for LRS remittance. Since the threshold limit of Rs. 7 lakh for Nil TCS does not apply for overseas tour program package, TCS is applicable
- Remittance for the purposes of medical treatment shall include:
 - Purchase of air tickets for the patient and his / her attendant
 - Medical expense
 - Other day to day expenses required for such purpose

Direct Tax Updates (7/9)

- ❑ **Tax Collection at Source (TCS) – Central Board of Direct Taxes (CBDT) announces relief measures on TCS on Liberalized Remittance Scheme (LRS) & overseas tour program package (Continued....)**

Remittance for the purposes of education shall include:

- Purchase of air tickets for the person undertaking study overseas
- Tuition and other fee to be paid to the educational institute
- Other day to day expenses required for undertaking such study

Conclusion

The issue of Press Release dated 28 June 2023 and CBDT's Circular dated 30 June 2023 are a welcome move, as it addresses number of ambiguities in the matter which was much required.

- ❑ **Due date for submission of Tax Deducted at Source (TDS) & TCS returns for the period April to June 2023, extended till 30 September 2023 (except TDS return for salary payments)**

CBDT has extended the due date for filing TDS and TCS returns for the period April to June 2023, as below.

Return	Existing due date	Extended due date
Form 26Q (TDS return for non-salary payments)	31 July 2023	30 September 2023
Form 27Q (TDS return for payments to non-residents)		
Form 27EQ (TCS return)	15 July 2023	

Due date for submission of Form 24Q (TDS return for salary payments) has not been extended and continues to remain 31 July 2023.

Direct Tax Updates (8/9)

❑ Charitable & Religious trusts - CBDT notifies changes in process of approval consequential to amendments by Finance Act 2023

Trusts / Institutions are eligible to claim tax exemption under 2 regimes:

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

The Finance Act, 2023 made various amendments in law to rationalize provisions related to both the above regimes

The requirement as it stands today for entitlement of tax exemption to Trusts / Institutions is as below:

Trusts/ Institutes

Old

All existing Trusts/Institutes are required to apply for fresh registration / approval (valid for 5 years) Trusts/ Institutes

New

Step 1 - Provisional registration/approval

A new Trust/Institution is required to obtain Provisional registration/approval (valid for maximum of 3 years)

Step 2 - Regular Registratipon / approval

Provisionally registered trust / Institution will again need to apply for Regular Registration/approval (valid for 5 years)

Step 3 - Renewal of Registration/approval

Trust/Institution with regular registration/approval will again need to apply for fresh Renewal of the registration/approval (valid for 5 years)

Direct Tax Updates (9/9)

❑ Charitable & Religious trusts - CBDT notifies changes in process of approval consequential to amendments by Finance Act 2023

Circular no. 6 issued by CBDT in May 2023

On 24 May 2023, CBDT issued Circular No. 6 explaining in detail the modality and timeline to be followed for the above procedure including the extension in the timeline. Other changes introduced by CBDT included the below:

- Extension of due date for FY 2022-23 till 30 June 2023, for furnishing statement of donation in Form 10BD and issuing of certificate of donation in Form 10BE
- Provisional registration/approval to be valid from the assessment year relevant to the previous year in which the application is made
- Statement of accumulation of income in Form 10 / 9A allowed to be filed till the due date of filing ITR
- Payment through account payee cheque or account payee bank draft or use of an electronic clearing system through a bank account is included in electronic modes of payment for the purpose of reporting by the auditor in Form 10B / 10BB

Notification no. 45 issued by CBDT on 23 June 2023

- On 23 June 2023, CBDT issued Notification No. 45 making certain amendments to the requisite rules and forms to introduce the essential changes in the process of approval for Trusts / Institutions.
- The amendments have the effect of aligning the changes introduced vide Finance Act 2023 with the approval process, including relief and clarity to newly established Trusts / Institutions and making it easy for them to obtain approval. Trusts / Institutions that have already started their activities, can directly apply for regular approval without the need to reapply immediately.

3. INTERNATIONAL TAX



International Tax Updates

❑ **Transfer Pricing - CBDT notifies tolerance limit for computing arm's length price for Assessment Year (AY) 2023-24**

The Income-tax Act 1961 allows the Government to prescribe the 'tolerance limit' every year for variation between the arm's length price computed u/s 92C of the Act and the actual price at which an international transaction or specified domestic transaction between associated enterprises takes place. The tolerance limit is prescribed as a factor of percentage of actual price and if the actual price falls within the said limit, then the actual price is considered acceptable for transfer pricing purposes.

For AY 2023-24, Government has prescribed following tolerance limit:

- 1% of the actual transaction price in respect of wholesale trading*, and
- 3% of the actual transaction price in all other cases

In other words, if for AY 2023-24 the variation between the arm's length price computed under the Income-tax Act and the actual price at which transaction occurs, does not exceed the above variation, the actual price will be acceptable for transfer pricing cases. It is worthwhile to note that for the last 4 years (AY 2019-20, 2020-21, 2021- 22 and 2022-23), Government has prescribed the same tolerance limit for transfer pricing purposes.

“Wholesale trading’ for this purpose has been defined to mean an international transaction or specified domestic transaction of trading in goods, which fulfils the following conditions, namely

- Purchase cost of finished goods is 80% or more of the total cost pertaining to such trading activities, and
- Average monthly closing inventory of such goods is 10% or less of sales pertaining to such trading activities

4. COMPANY LAW



Company Law Updates (1/2)

❑ **Ministry of Corporate Affairs (MCA) provides option for (a) merger of existing multiple user IDs in version 2 portal with new user ID in version 3, & (b) deactivation of old user ID in version 2 portal**

In view of the transition of MCA 21 portal from Version 2 to Version 3, MCA has released a circular offering following options for convenience of users:

- Merger of existing multiple user IDs in Version 2 with user ID created in V3 portal
- Deactivation of old user ID in Version 2, allowing users to create a new user ID in Version 3

MCA has allowed Chartered Accountants, Cost Accountants and Company Secretaries to approach their respective Institutes with their credentials, so that the Institutes can make recommendations through their President / Vice President to the MCA at the email id ddegov@mca.gov.in.

❑ **National Financial Reporting Authority (NFRA) reiterates / emphasizes responsibility of statutory auditor on reporting fraud in a company**

NFRA is a body established in October 2018 to keep a watch on the profession of audit. Reportedly, NFRA has noticed that auditors are not fulfilling their statutory responsibilities properly relating to reporting of fraud as mandated under the Companies Act 2013 and the applicable Standards on Auditing, which place mandatory reporting obligations on auditors to report fraud and / or suspected fraud to the Central Government and the Board / Audit Committee.

There is a misconception amongst some auditors that resigning from an audit engagement absolves them of their reporting obligations relating to fraud and the consequences under Companies Act 2013 for non-reporting of fraud, which is not true. Resignation does not absolve the auditor of his responsibility to report suspected fraud or fraud as mandated by the law.

Statutory auditors are under a mandatory obligation to report fraud or suspected fraud if they observe suspicious activities, transactions or operating circumstances in a company that indicate reasons to believe that an offence of fraud is being or has been committed against the company by its officers or employees. In such an event, the statutory auditor is required to initiate the steps prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 which begins with reporting the matter to the Board / Audit Committee within 2 days of his / her knowledge of the fraud.

Company Law Updates (2/2)

❑ National Financial Reporting Authority (NFRA) reiterates / emphasizes responsibility of statutory auditor on reporting fraud in a company (Contd.....)

In the case of reporting of a fraud involving or expected to involve individually an amount of Rs. 1 crore or above, if the statutory auditor fails to get any reply / observations from the Board / Audit Committee within 45 days, the auditor is supposed to forward a report in the specified Form ADT-4 to Secretary, Ministry of Corporate Affairs, Government of India.

The statutory auditor is required to exercise his / her own professional skepticism while evaluating fraud, and need not be influenced by legal opinion provided by the company or its management.

5. COMPLIANCE CALENDAR



Compliance Calendar Updates (1/4)

- ❑ **Compliance calendar for the month of April 2023 (Important due dates for the GST returns in the month of August 2023)**

Due date	Form to be filled	Period	Who should file?
10.08.2023	GSTR-7	July 2023	GST monthly return for TDS Deductor.
10.08.2023	GSTR-8	July 2023	GST monthly return for TCS Collector.
11.08.2023	GSTR-1	July 2023	GST Monthly return for registered persons having turnover of more than Rs.5 crores
13.08.2023	GSTR-1	July 2023	GST Monthly return for registered persons having turnover of less than Rs.5 crores
13.08.2023	GSTR-6	July 2023	GST Return for Input Service Distributor
13.08.2023	GSTR-5	July 2023	GST Return for Non-resident foreign taxpayers
20.08.2023	GSTR-3B	July 2023	GST monthly return to Pay due tax till last day of month.
20.08.2023	GSTR-5A	July 2023	GST Return for OIDAR service provider
25.08.2023	PMT-06	July 2023	PMT-06 Challan for depositing tax (for taxpayers opting for quarterly GSTR 3B) for the month July-23

Compliance Calendar Updates (2/4)

- ❑ **Compliance calendar for the month of April 2023 (Important due dates for the Income Tax Compliance / PF / ESI in the Month of August 2023)**

Due date	Form to be filled	Period	Who should file?
07.08.2023	Challan No. ITNS-281	Jul-23	Payment of TDS/TCS deducted /collected in July 2023.
14.08.2023	TDS Certificate	Jun-23	Due date for issue of TDS Certificate for tax deducted under section 194-IA in the month of June, 2023
14.08.2023	TDS Certificate	Jun-23	Due date for issue of TDS Certificate for tax deducted undersection 194-IB in the month of June, 2023
14.08.2023	TDS Certificate	Jun-23	Due date for issue of TDS Certificate for tax deducted undersection 194M in the month of June, 2023
14.08.2023	TDS Certificate	Jun-23	Due date for issue of TDS Certificate for tax deducted under section 194S in the month of June, 2023 (Note: Applicable in case of specified person as mentioned under section 194S)
15.08.2023	Professional Tax (PT)	Jul-23	Professional Tax (PT) on Salaries for July 2023. Note: Professional Tax Due Date Varies from State to State, kindly contact Ebizfiling.com for expert help.
15.08.2023	Provident Fund (PF)	Jul-23	PF Payment for July, 2023
15.08.2023	Form 24G by Government officer	Jul-23	Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of July, 2023 has been paid without the production of a challan

Compliance Calendar Updates (3/4)

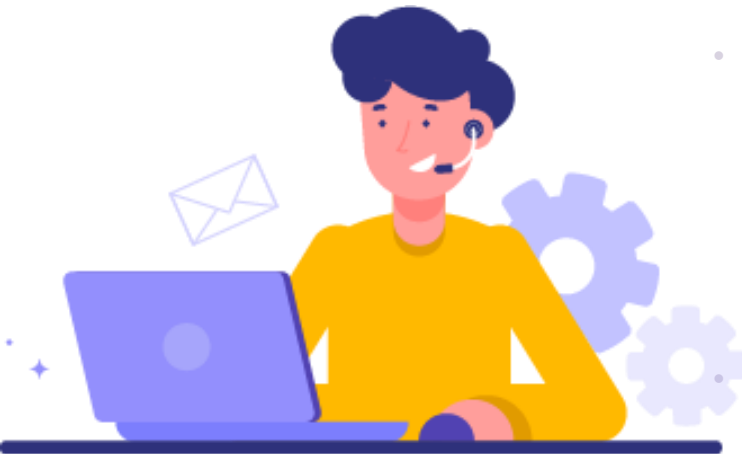
- ❑ **Compliance calendar for the month of April 2023 (Important due dates for the Income Tax Compliance / PF / ESI in the Month of August 2023)**

Due date	Form to be filled	Period	Who should file?
15.08.2023	Form no. 3BB	Jul-23	Due date for furnishing statement in Form no. 3BB by a stockexchange in respect of transactions in which client codes been modified after registering in the system for the month of July, 2023
15.08.2023	Quarterly TDS Certificate	Quarterly	Quarterly TDS certificate (in respect of tax deducted for payments other than salary) for the quarter ending June 30, 2023 Note: Due to extension of due date of TDS statement vide Circular no. 9/2023, dated 28-06-2023, the revised due date for furnishing TDS certificate shall be October 15, 2023
30.08.2023	Section 194-IA	Jul-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA for the month of July, 2023
30.08.2023	Section 194M	Jul-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of July,2023
30.08.2023	Section 194-IB	Jul-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194IB in the month of July,2023
30.08.2023	Section 194S	Jul-23	Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194S in the month of July,2023 Note: Applicable in case of specified person as mentioned under section 194S

Compliance Calendar Updates (4/4)

- ❑ **Compliance calendar for the month of April 2023 (Important due dates for the Income Tax Compliance / PF / ESI in the Month of August 2023)**

Due date	Form to be filled	Period	Who should file?
30.08.2023	TDS Payment	Jul-23	TDS Payment in Form 26QB (Property), 26QC (Rent), 26QD (Contractor Payments) for July 2023
31.08.2023	Form 9A	Oct-23	Due date for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on October 31, 2023).
31.08.2023	Form 10	Oct-23	To accumulate income for future application under section 10(21) or section 11(1) (if the assessee is required to submit return of income on October 31, 2023).



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L Padam Jain



Dikshit P Jain



Prakash Patel

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Thank You

JDP & Co Chartered Accountants

Unit 3B, 6-3-569/2, Above Vibrant Ford,
Opp. RTA Khairtabad Rockdale Compound, Somajiguda-082.
M: +91 94924 48121 www.jdpco.in

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