

NewsBites

Fifty-Fifth Edition

Greetings!

We are delighted to present our news bite for the month of October 2022. This News Bites intends to give an overview of what is happening in the sphere of direct and indirect taxation, company law, government incentives, FEMA and other regulatory laws.

We hope you find this useful. For any feedback you can reach to us at info@sanca.in.

Best Regards,
S A N & CO.
Chartered Accountants

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Income Tax

CBDT extends due date for filing of TDS statement in Form 26Q for the second quarter of Financial Year 2022-23:

Central Board of Direct Taxes (CBDT) has extended the due date of filing of form 26Q for the second quarter of financial year 2022-23 from 31st October'2022 to 30th November'2022 vide Circular no.21 dated 27th October 2022.

Considering the difficulties in filing of TDS statement in the revised and updated Form 26Q, the Central Board of Direct Taxes (CBDT) has extended the due date of filing of Form 26Q for the second quarter of Financial Year 2022-23 from 31st October, 2022 to 30th November, 2022.

CBDT Unveiled the Draft common ITR form to simplify the Income Tax Returns filing:

To improve taxpayers' experience and reduce the time taken to file income tax returns (ITRs) by individuals and non-business assesseees, the income tax department recently unveiled a draft common ITR form, by integrating all existing forms of return of income except ITR-7 (which is applicable for charitable institutions and business trusts).

The new common ITR form would be available in parallel to old forms in ITR-1 and ITR-4, with the option for the assesseees under these two ITRs to choose to file the old forms or the new one. Taxpayers filing returns of income in Forms ITR-2, ITR-3, ITR-5 and ITR-6 would not have an

option to file the old forms, once the new common form and related utilities are notified. **The I-T department has called for inputs on the draft ITR electronically by December 15 from stakeholders and the public.**

The Central Board of Direct Taxes (CBDT) has introduced Rule 132, which came into effect on October 1, 2022 about re-computation of income:

The Central Board of Direct Taxes (CBDT) has introduced Rule 132, which came into effect on October 1, 2022. Rule 132, deals with the re-computation of income under sub-section 18 of section 155 of the Income Tax Act, 1961, in the Income Tax Rules, 1962.

The new rule has been introduced in view of disputes over whether a cess or surcharge on income tax can be allowed as a deduction or not.

While calculating the net taxable profit of a business, the law had clarified that income tax paid by a business cannot be allowed as a deduction. However, the law had not specified whether a cess or surcharge on such income tax is allowable as a deduction or not.

In Finance Act 2022, the Government clarified that a deduction for such cess and surcharge on income tax is not an allowable deduction from the taxable profit. The clarification was made by way of amendment of the income tax act with retrospective effect from 2005.

TAXES

However, the Government provided a one-time window, allowing those taxpayers who had claimed the cess or surcharges as a deduction from their taxable profits, to recompute their taxable profits after removing such cess or surcharge and deposit the tax on such income.

Rule 132 lays down the procedure for recomputing such income.

“Any taxpayer who has claimed deduction of cess or surcharge can share the details of their taxable income, tax paid and the amount of cess/surcharge claimed as a deduction with the tax authorities. The information is to be submitted electronically on the income tax portal using Form 69. On receipt of Form 69, the tax officer will recompute the taxable income of the taxpayer and inform the additional tax to be payable by the taxpayer. The taxpayer can then make the payment of tax and inform the tax officer of the payment of tax in Form 70. No penalty would be leviable on such payment.





Goods & Services Tax

One time Opportunity for Filing of Tran-1/Tran-2 Forms for availing the Transitional Credit:

The Hon'ble Supreme Court of India has provided a one-time opportunity to all the aggrieved taxpayers to file Form TRAN-1/TRAN-2 and claim their transitional input tax credit in GST system.

In compliance of the Hon'ble court's directive, the facility for filing TRAN-1/ TRAN-2 or revising the earlier filed TRAN-1/TRAN-2 on the GST common portal by aggrieved taxpayers have been made available by GSTN from **01.10.2022**, and as per the court's instruction shall be available to all aggrieved taxpayers **till 30.11.2022**.

Sequential filing of GSTR-1 & filing of GSTR-1 before GSTR-3B on GST Portal:

The Central Government has amended Section 37 & Section 39 of Central Goods & Service Tax Act (CGST), 2017 vide Notification No. 18/2022-Central Tax dated 28th September, 2022 with effect from 01 October, 2022.

According to section 37(4) of CGST, Act, a taxpayers shall not be allowed to file GSTR-1 if previous GSTR-1 is not filed and as per sec 39(10) a taxpayer shall not be allowed to file GSTR-3B if GSTR-1 for the same tax period is not filed.

These changes are operational on GST Portal from 01st November, 2022. Accordingly, from October-2022 tax period onwards, the filing of previous period GSTR-1 will be mandatory before filing current period GSTR-1.

Implementation of mandatory mentioning of HSN codes in GSTR-1:

As per Notification No. 78/2020 – Central Tax dated 15th

October, 2020, it is mandatory for the taxpayers to report minimum 4 digit or 6 digits of HSN Code in table-12 of GSTR-1 on the basis of their Aggregate Annual Turnover (AATO) in the preceding Financial Year.

Part I & Part II of Phase 1 has already been implemented from 01st April 2022 & 01st August 2022 respectively and is currently live on GST Portal.

From 01st November, 2022, Phase-2 would be implemented on GST Portal and the taxpayers with up to Rs 5 crore turnover would be required to report 4-digit HSN codes in their GSTR-1.

Extension in the time limit to claim ITC and Issue Credit Notes under GST will be 30th November 2022:

This is a path breaking relaxation for Taxpayers to avail their genuine ITC with additional time. For any particular financial year, the following can be done up to 30th November of the succeeding financial year:

1. Avail ITC for any invoice/debit note of a financial year
2. Issuance of credit notes for supplies made in a financial year
3. Rectification of errors in respect of GSTR 1, GSTR 3B and GSTR 8

The due date for taking input tax credit for a Financial Year shall be 30th November of following Financial Year or date of filing Annual Returns, whichever is earlier. Generally, the Annual Returns are to be filed by 31st December of the succeeding Financial Year. The time limit to issue credit note is also extended to 30th November of next Financial Year. The mute question now is Whether this change is applicable for FY 2021-22 as it is made effective only from 1.10.2022 and the benefit of extended time lines up to 30th November can be availed for 2021-22.

Companies Act, 2013

Insolvency and Bankruptcy Board of India (Model Bye –Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2022:

IBBI vide its notification dated October 03, 2022 has issued the Insolvency and Bankruptcy Board of India (Model Bye–Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2022.

The amendment provides that no insolvency professional entity shall be enrolled as a professional member unless it has following qualifications:

Recognized by the Board under the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

Eligible to be registered as an insolvency professional with the Board.

Company Law update:

IN THE MATTER OF GOZING TECHNOLOGY PRIVATE LIMITED Adjudication in respect of violation of Companies Act, 2013

In recent order passed by ROC, the Company and two of its Directors were imposed with a penalty of INR 60,000 for non-compliance in following the procedure for private placement.

As per Rule 14(8) of Companies (Prospectus and Allotment of Securities) Rules, 2014, a private placement offer can only be circulated to the proposed investor/shareholder, once the special resolution passed by the shareholders is filed with ROC in form MGT-14.

However, the subject company circulated the offer letter before the filing of form MGT-14 for a special resolution. ROC considered this default as one-time default and it had no ongoing characteristic.



Government Scheme

Industry News:

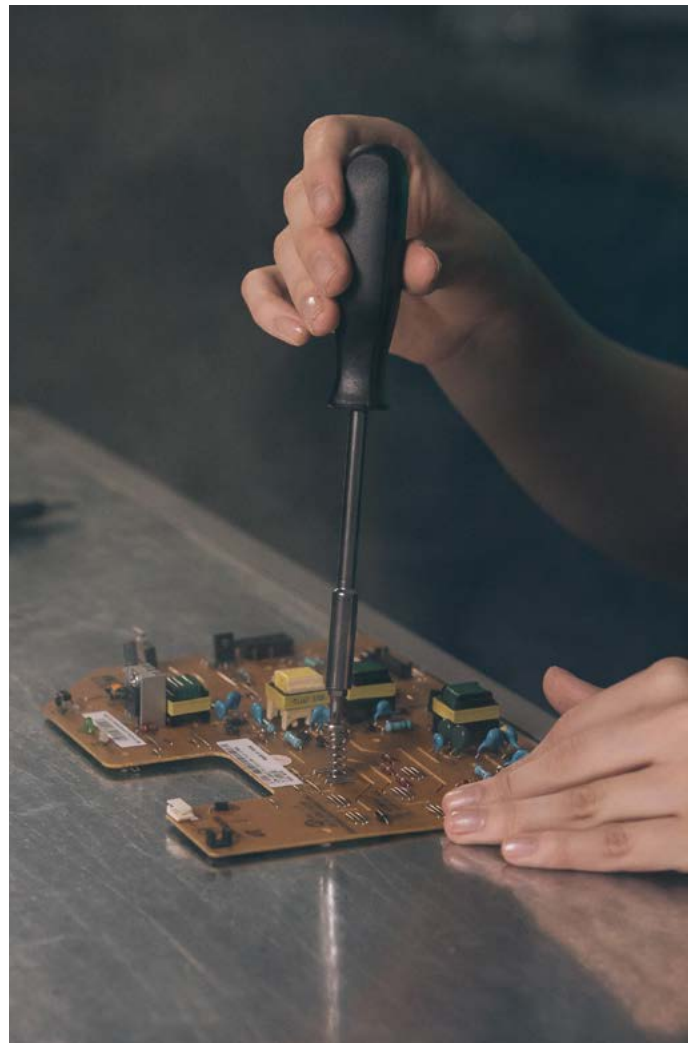
Central Govt announces Rs. 500 crores Electronics Manufacturing Cluster in Ranjangaon, Maharashtra:

Central Government announced on 31st October 2022 that an Electronics Manufacturing Cluster will be developed in Ranjangaon, Pune, Maharashtra, at a cost of Rs 500 crore. The Electronics Manufacturing Cluster (EMC) is targeted to attract an investment of over Rs 2,000 crore, with a potential to generate thousands of jobs in the coming years.

“To make Maharashtra into an electronics hub, we have approved an Electronics Manufacturing Cluster project in Ranjangaon, Pune. The total investment of the government will be about Rs 500 crore,” Minister of State for Electronics and Information Technology said at a briefing.

The overall cost for development of the EMC is Rs 492.85 crore, out of which Rs. 207.98 crore will be funded by the government of India and balance contribution of Rs 284.87 crore will be infused by the Maharashtra Industrial Development Corporation (MIDC), State Industrial Agency of Government of Maharashtra, according to a background note.

Pune-based CDAC, very soon in Maharashtra under India Semiconductor Mission and Rs 1,000 crore future design scheme, will organise a roadshow in Pune for startups. The Indian government will invest directly in semiconductor design startups.



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