

DEVMANTRA TIMES

AUGUST EDITION

ISSUE NO : 30, DATE : 1ST August 2023

Dear Readers,

We welcome you to the **Thirtieth** edition of **DevMantra Times** for the month of **August 2023**. India will celebrate its 77th Independence Day on August 15, 2023 Proud moment for India as country assumes G20 presidency and India's Space Mission. India's third moon mission, Chandrayaan-3, was successfully launched onboard a Launch Vehicle Mark-3 (LVM-3) rocket from the second launch pad at the Satish Dhawan Space Centre in Sriharikota at 2.35 pm on July 14.

Economic Updates

THE SEVEN-YEAR GLITCH: INSIDE THE GOVT'S WAR TO PLUG THE GST LEAKAGE:

In May, under a special drive to detect fake GST registrations, Central and state GST officials started door-to-door physical verification of addresses before initiating any action. On receipt of data from GSTN, a time-bound exercise of verification of the suspicious GSTINs was done and if after detailed verification, it was found that the taxpayer was non-existent and fictitious, then the tax officer will initiate action for suspension and cancellation of the registration. In many cases, officials found forged electricity bills, property tax receipts and rent agreements were used as proof of principal place of business to obtain GST registration.

CREDIT RATING PRACTICES IN INDIA: SEBI'S EXEMPLARY ROLE

India's Securities and Exchange Board has implemented a robust regulatory framework for credit rating agencies (CRAs), following the 2008 financial crisis. Among the key changes SEBI has made, CRAs must now consider ESG factors in assessing credit risk, and provide investors with detailed information relating to a firm's approach to environmental, social and governance concerns.

OVER 8.75 LAKH HUF'S CLAIMED RS 3,803 CRORE TAX DEDUCTIONS IN 2022-23: FINANCE MINISTRY

The Income Tax Act accords 'legal person' status to HUF and entitles them to all tax deductions under Chapter VI-A. HUFs are taxed at the same rate as individuals, and they can claim applicable deductions. According to the minister, in fiscal 2022-23 fiscal, 8,75,948 HUFs claimed deductions of Rs 3,802.86 crore. As many as 8,77,303 HUFs claimed deductions worth Rs 3,745.51 crore in 2021-22.concerns.



FOREIGN ASSETS BECOME A TRICKY TERRAIN IN INCOME TAX RETURN FILING

Many were, and some still are, oblivious of the price of not disclosing overseas stock options which have been vested but not exercised, ongoing retirement schemes like 401(k) in the US, and beneficial interests in offshore companies. As the July 31 tax deadline approaches (amid hopes it may be pushed back due to the rains), many professionals, businessmen, and diaspora members who have returned are trying to figure out ways to disclose certain foreign assets to avoid an encounter with the taxman.

NIRMALA SITHARAMAN SAYS INDIAN FIRMS WILL SOON BE ALLOWED TO DIRECTLY LIST THEIR SHARES OVERSEAS

Finance Minister Nirmala Sitharaman on Friday said that Indian companies can now go in for direct listing on foreign exchanges and the International Financial Services Centre (IFSC) in Ahmedabad. A direct listing of securities by domestic companies will now be permissible in foreign jurisdictions. I'm also pleased to announce that the government has taken a decision to enable the direct listing of listed and unlisted companies on the IFSC exchanges.

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SALARIED INDIVIDUALS UNDER I-T SCANNER AS TAXMAN SERVES NOTICES ASKING ASSESSEES FOR DOCUMENTARY PROOF TO CLAIM EXEMPTION

ITRs filled with fake rent receipts from close relatives, extra claims against home loans, false donations may come back to haunt many, particularly salaried individuals. Unlike in the past when it was easier to escape the glare of the tax office, many may run out of luck now as their returns are red-flagged by software used by the revenue department.

STARTUP UPDATES INDIA'S SPACE STARTUPS EXPLORING NICHE MARKETS, GLOBAL COLLABORATIONS

The space economy in India is very small accounting for approximately 2.1 per cent of the global space economy in 2020 amounting to \$9.6 billion, which was 0.4 per cent of the Gross Domestic Product (GDP) in the country. India becoming a signatory to the Artemis Accords and the focus on the space sector, particularly on addressing issues related to export control and technology transfer, during Prime Minister Narendra Modi's recent visit to the US will open up doors for private players,

industry leaders believe.

FINTECH ONESTACK RAISES \$2 MILLION IN FUNDING FROM GROWX, STRIDE VENTURES, OTHERS

The pre-series A round funding will help expand the team, drive growth and also fund innovation that can strengthen its product offerings, the company said in a release.

INDIAN-ORIGIN EX-CEO OF SILICON VALLEY START-UP FOUNDER PLEADS GUILTY OF FRAUD

Indian-origin former CEO of Silicon Valley-based tech start-up, HeadSpin, Manish Lachwani, has pleaded guilty to securities fraud for overstating the company's revenue to investors in its fundraising efforts. Lachwani raised more than \$100m between April 2017 and April 2020, valuing the company at approximately \$1.1bn. This case highlights the increasing reliance on financial metrics such as revenue and annual recurring revenue by investors during fundraising



FACTORS.AI RAISES \$3.6 MILLION IN FUNDING LED BY STELLARIS VENTURE PARTNERS

The startup — founded by Srikrishna Swaminathan, Aravind Murthy, and Praveen Das in 2020 — aims to use the capital to scale its go-to-market teams, including sales, marketing, and customer success while bolstering its product and engineering divisions.



AMD TO INVEST \$400 MILLION IN INDIA

In a boost for India's Semiconductor Mission, California-based Advanced Micro Devices (AMD) will invest \$400 million in India, its chief technology officer said at the Semicon India 2023 conference in Gujarat.

SAME-DAY DELIVERY PLATFORM BLITZ RAISES \$3 MILLION IN FUND

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Blitz, a startup offering same-day delivery services for omnichannel sellers, on Wednesday said it had raised \$3 million in a seed round from India Quotient, Better Capital, First Cheque and Titan Capital.

Why this Volume of Newsletter is important for reader?

Through the series of this newsletter, we aim at covering all relevant Income Tax, Goods & Service Tax and Companies Act, Start-up Update, notification, circulars and case laws which may directly or indirectly impact our readers.

At DevMantra, it is our utmost priority to help our readers to be informed with respect to the changes in relevant laws for a smoother compliance.

DevMantra was founded based on the unalterable premise of excellence, acuity, integrity and an unwavering commitment to delivery. These principles continue to form the edifice of our approach as an organization, to our clients, our professionals and our community, and this has served us well in our journey so far. This approach has allowed DevMantra to work with and advise the very best clients, both in India and internationally. We encourage our people to strive for excellence and innovation within a meritocratic working environment and support their entrepreneurial spirit. It is our consistent

endeavour with our people, to ensure that they imbibe the culture of the firm and form part of the weft and weave of the fabric of DevMantra. Our core values remain the guiding principles for everything we do, and we would like to emphasize "Knowledge" as one of the fundamental beliefs which drive the success of our operations. As we keep on reiterating, Knowledge is our number one priority. We don't count time when it comes to gain any new knowledge or to reinstate the earlier one. Our clients trust our expertise and putting countless hours in keeping ourselves up to date on the subject we are advising on, deserve their trust.

Regards & Best Wishes,
Editorial Team



GST

ITC NOT ALLOWED IF GST REGISTRATION OF SELLER WAS CANCELLED AND TAX WAS NOT PAID TO EX-CHEQUER: MADRAS HC

Editorial Note: Input tax credit was not admissible when tax was paid by buyer along with invoices raised but

GST registration of seller was cancelled and tax is not paid to ex-chequer

18% GST TO BE LEVIED ON GRANTING RIGHT TO USE MINERALS INCLUDING ITS EXPLORATION & EVALUATION BY IRRIGATION DEPT.: AAR

Editorial Note : GST: Where Kerala Government Irrigation Department conferred on the applicant right to extract and appropriate for a lump sum consideration mud/sand from dam reservoir desilting, the irrigation department is supplier of licensing services for right to use minerals under heading 997337 liable to GST @ 18% [CGST - 9% + SGST - 9%] under Entry at Sr. No. 17 (viii) of Notification No. 11/2017 Central Tax (Rate) dated 28.06.2017,



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RETROSPECTIVE GST CANCELLATION DUE TO NON-FILING OF RETURNS CAN'T INCLUDE AN EARLIER PERIOD FOR WHICH RETURNS WERE FILED: HC

Editorial Note : In a major ruling a Single Bench of the Calcutta High Court ruled that the cancellation of Goods and Service Tax (GST) Registration with retrospective effect cannot be a ground to deny Input Tax Credit (ITC) from the supplier to the purchaser.

CBIC CLARIFIES THE MANNER OF DISTRIBUTION OF CREDIT BETWEEN DISTINCT PERSONS IN RESPECT OF COMMON INPUT SERVICES

Editorial Note : The CBIC has issued clarification regarding the taxability of services provided by an office of an organization in one State to the office of that organization in another State, both being distinct persons and manner of distribution of credit on common input services.



CBIC ISSUES CLARIFICATION ON CHARGING OF INTEREST IN CASES OF WRONG AVAILMENT OF IGST CREDIT

Editorial Note : The CBIC has issued circular to clarify that in the cases where IGST credit has been wrongly availed, there will not be any interest liability if the credit under the heads of IGST, CGST and SGST taken together, has never fallen below the amount of such wrongly availed ITC.



INCOME TAX

REGULATORY UPDATES LTCG COULDN'T BE TERMED AS BOGUS IF SEBI EXONERATED ASSESSEE FROM ANY MANIPULATION IN SCRIPT OF CO.: ITAT

Editorial Note: INCOME TAX : Where assessee had sold shares of certain company and Long Term Capital Gain earned therein was claimed as exempt in relevant assessment years, since assessee had submitted details of purchase of shares, payment for purchase of shares through banking channel, and had produced order of SEBI where assessee along with others had been exonerated in any manipulation in script of company.



HC DIRECTS REVENUE TO PROVIDE RELEVANT DOCUMENTS TO ASSESSEE INDICATING BASIS FOR TAKING TRANSFER OF CASE:

Editorial Note: INCOME TAX : Where income tax file of assessee was transferred by revenue authorities under section 127 without providing any material to assessee on basis of which such decision of transferring file of assessee had been taken and without giving any opportunity of personal hearing, revenue authority concerned was directed to provide relevant documents to assessee indicating basis for taking such order of transfer of assesses file and also to give opportunity of personal hearing to assessee



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CBDT NOTIFIES SOP FOR MAKING APPLICATION FOR RECOMPUTATION OF INCOME OF CO-OPERATIVE SOCIETY U/S 155

Editorial Note : The Finance Act 2023 amended section 155 to allow AO to recompute the total income of a sugar mill co-operative and allow the deduction for sugarcane purchase expenditure that was equal to or less than the Government's fixed price. To standardize the manner of filing application to AO, the CBDT has notified Standard Operating Procedure to make an application under section 155(19).

CBDT AMENDS NOTIFICATION EXEMPTING NRs FROM ITR FILING INCORPORATING AMENDED DEFINITION OF 'INVESTMENT FUND':

Editorial Note : Pursuant to FA 2023 amendment, the Board has amended notification No. 55/2019, dated 26-07-2019, to include funds regulated under the International Financial Services Centres Authority (Fund Management) Regulations 2022 within the definition of investment fund for giving exemption to non-resident (and a foreign company) from the requirement of filing of ITR



FOREIGN TRAVEL EXP. COULDN'T BE DISALLOWED IF DONATIONS RECEIVED FROM FOREIGN DONORS WERE UTILISED FOR TRUST'S OBJECTS:

Editorial Note : INCOME TAX : Where donations received from foreign donors were utilized for objects of assessee-trust, foreign travel expenses incurred were allowable as deduction

NRIs WITH INOPERATIVE PAN ARE REQUESTED TO INTIMATE RESIDENTIAL STATUS TO AO: CBDT:

Editorial Note : The Income-tax Dept. has clarified that NRIs/OCIs, whose PAN become inoperative due to non-linking with PAN, are requested to inform their respective JAOs about their residential status along with supporting documents, requesting an update in the PAN database.

CORPORATE LAW UPDATES GOVT. APPROVES OF 'GUARANTEE SCHEME FOR CORPORATE DEBT' TO STRENGTHEN CORPORATE DEBT MARKET

Editorial Note : The Govt. has approved the 'Guarantee Scheme for Corporate Debt' (GSCD) with the purpose of providing a guarantee cover against debt raised or to be raised by the Corporate Debt Market Development Fund (CDMDF). The scheme aims to provide 100% guarantee cover against debt raised/ to be raised by CDMDF, which is an AIF created under SEBI Regulations. The guarantee shall cover the debt raised, along with interest accrued & other bank charges and shall not exceed Rs 30,000 crore.



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GOVT. EXTENDS THE INITIAL VALIDITY PERIOD OF INDUSTRIAL LICENSES TO BE ISSUED FROM 3 YEARS TO 15 YEARS

Editorial Note :The Government has extended the initial validity period of industrial licenses to be issued from 3 years to 15 years for all kinds of licenses under the IDRA, aligning with the validity of licenses issued for defense items. Further, the Govt. has issued revised guidelines for an extension of the validity of both new and existing industrial licenses. These guidelines apply to cases where the existing license holder has not commenced production within 15 years of issue of license.



NO PROPOSAL TO CURB RETAIL PARTICIPATION IN DERIVATIVE MARKETS: SEBI CLARIFIES

Editorial Note :With reference to some media articles speculating that the Board is seeking to curb retail participation in derivative markets, SEBI has clarified that there is no proposal to curb retail participation in derivative markets. The SEBI, in line with the objective of ease of doing business, is at an early stage of evaluating the regulations for on-boarding clients by brokers, with a view to simplify the process and also mitigate trading risks, particularly for retail investors.



GOVT. GRANTS EXEMPTION TO REGIONAL RURAL BANKS FROM COMPLYING WITH PROVISIONS OF COMBINATIONS UNDER COMPETITION ACT

The Central Government has exempted Regional Rural Banks notified u/s 23A(1) of the Regional Rural Banks Act, 1976, from the

application of provisions of sections 5 and 6 of the Competition Act, 2002. This exemption is carried out in the exercise of powers conferred u/s 54 of the Competition Act, 2002 for a period of five years from the date of publication of this notification i.e., 14.07.2023. Sections 5 and 6 deal with provisions w.r.t combination and regulation of combinations.



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Tax Compliance Calendar for June 2023

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7 th Aug	July 2023	TDS deposit	Non-Government Deductors
		Equalization Levy deposit	All Deductors
30 th Sep		Q2 TDS Return Non Salary	All Deductors
Within 30 days of electronic transmission of data.		AY 2023-24	E Verification of ITR filed for all individuals, HUFs, AOP, LLP and Firms (non tax audit) assessee
11 th Aug		GSTR-1 (Outward supply return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme
13 th Aug		GSTR-6 [Return by input service distributor (ISD)] a)GSTR-5 (Return by Non- resident). b)GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return]	Person registered as ISD a)Non-resident taxable person (NRTP) b)OIDAR services provider
15 th Aug	July 2023	Deposit of PF & ESI contribution	All Deductors

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20 th Aug	July 2023	GSTR-3B (Summary return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23 b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and not opted for QRMP scheme
31 st July	2022-23	DPT -3 **Date extended by MCA Circular No. 06/2023 dated 21st June, 2023	All Companies
25 th Aug	July 2023	PMT 06 Payment of tax liability	Tax payers (Quarterly Filers under QRMP)
10 th Aug	July 2023	GSTR - 8	Return to be filed by the E-commerce operators who are required to collect TCS
10 th Aug	July 2023	GSTR - 7	Persons required to deduct TDS
31 st Aug	AY 2023-24	Form 10 (Income Tax)	Statement in Form no. 10 to be furnished 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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