

DEVMANTRA TIMES

JUNE EDITION

ISSUE NO : 28, DATE : 1ST June 2023

Dear Readers,

We welcome you to the Twenty Eighth edition of DevMantra Times for the month of June 2023.

Economic Updates

THE INDIAN ECONOMY IS STILL RESILIENT, AND GDP GROWTH WILL REMAIN OVER 6% FROM 2023 THROUGH 2028

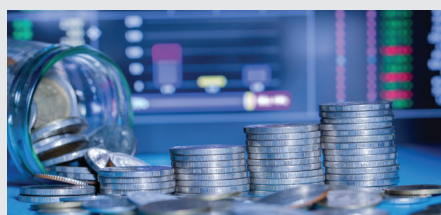
In response to post-pandemic and geopolitical changes, India has consistently demonstrated resilience and has increased GDP growth above the pre-pandemic time, according to a study by the Ph.D. Chamber of Commerce and Industry. According to IMF data, India dramatically rebounded from GDP growth of -5.8% in 2020 to 9.1% in 2021, 6.8% in 2022, and a forecast growth rate of 5.9% in 2023. According to the report, the growth rate for 2021 to 2028 is higher than the 3.9% growth rate India experienced in 2019 before the epidemic, as well as the top 10 world economies and the global average

INDIA'S GDP REACHED \$3.5 TRILLION IN 2022, BUT BUREAUCRACY IN DECISION-MAKING MAY DECREASE THE ATTRACTIVENESS OF FOREIGN DIRECT INVESTMENT DESTINATIONS: ACCORDING TO MOODY'S

India's GDP surpassed USD 3.5 trillion in 2022, and it will be the G-20 economy with the fastest growth over the following several years, but reform and regulatory impediments may prevent investment, according to a report released on Tuesday by Moody's. The US-based rating agency stated in a study paper that bureaucracy may delay the approval processes for getting licenses and establishing enterprises, extending project gestation.

RBI AGREES TO PAY THE CENTRAL GOVERNMENT 87,416 CRORES IN DIVIDENDS FOR 2022-2023

According to a statement released on Friday, the Reserve Bank of India (RBI) board has approved a surplus transfer to the government for the fiscal year that ended on March 31 totaling 874.16 billion Indian rupees (\$10.69 billion). A dividend of 480 billion rupees from the central bank, state-run banks, and other financial institutions was budgeted by the government for the fiscal year 2023.



THE GROSS MERCHANDISE VALUE OF INDIA'S INTERNET ECONOMY WILL HIT \$ 1 TRILLION BY 2030

According to a report by Google, Bain, and Temasek, the gross merchandise value of India's internet economy—which includes fintech, SaaS, B2C, and B2B e-commerce grow 6X to reach \$1 trillion by 2030, driven by increased private consumption in Tier 2 geographies, digital public infrastructure, and foreign investments in the nation's technology sector.

STARTUP UPDATES

H World Group generates a 500% return by selling 19% of its whole share in Oyo on the private market. The partial exit of H World Group results in a profit of 500% on the equity sale and values their remaining interest at more than Rs 300 crores.

This suggests that the unicorn hospitality tech company, which has been aiming to list on the Indian stock exchanges, is valued at \$6.6 billion. Oyo's equity shares were last reported to have changed hands on the secondary market in October of last year when several family offices acquired them for a valuation of \$6.6 billion. JM Financial, Google Cloud announce partnership **GoogleCloud** and **JM Financial** have revealed a strategic collaboration to help the

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latter build its retail digital customer base and improve its digital customer experience strategy.

Meesho's valuation is downgraded by Fidelity Investments by 10% to \$4.4 billion. Meesho is the most recent startup in India to have its valuation reduced by its investors. According to recent regulatory filings with the US SEC, US-based Fidelity Investments has reduced the Bengaluru-based e-commerce company's valuation by nearly 10% to \$4.4 billion. In September 2021, Meesho raised \$570 million from B Capital and Fidelity at a \$4.9 billion value.

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 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 REGULATORY UPDATES SECTION 39 FURNISHING OF RETURNS - EXTENSION DUE DATE

Editorial Note : The return by a registered person, required to deduct tax at source under the provisions of section 51 of the said Act in FORM GSTR-7 of the Central Goods and Services Tax Rules, 2017 and under sub-section (3) of section 39 of the said Act read with rule 66 of the Central Goods and Services Tax Rules, 2017, for the month of April, 2023, whose principal place of business is in the State of Manipur, shall be furnished electronically through the common portal, on or before the **thirty first** day of May, 2023.



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SECTION 47 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - LEVY OF LATE FEE - WAIVER OF LATE FEE IN EXCESS OF RUPEES FIVE HUNDRED FOR FAILURE TO FURNISH FINAL RETURN IN FORM GSTR-10 BY DUE DATE BUT FURNISH SAME BETWEEN 1-4-2023 AND 30-6-2023

Editorial Note :In case of surrender of GST, GSTR -10 needs to be filed by the assessee under section 47 of the Act. The return by a registered person, required to deduct tax at source under the provisions of section. The Central Government, on the recommendations of the **Council hereby** waives the amount of late fee referred to in section 47 of the Act, which is in excess of five hundred rupees for the registered persons who fail to furnish the final return in FORM GSTR-10 by the due date but furnish the said return between the period from the 1st day of April, 2023 to the 30th day of June, 2023

STANDARD OPERATING PROCEDURE FOR SCRUTINY OF RETURNS FOR FY 2019-20 ONWARDS VIDE INSTRUCTION NO. 2/2023-GST [F.NO. CBIC-20006/04/2022-GST], DATED 26-5-2023

Editorial Note :CBIC has issued SOP w.r.t. scrutiny of returns for financial years 2019-20 onwards. The GSTINs selected for scrutiny for the Financial Year 2019-20 have also been made available on the scrutiny dashboard of the proper officers on ACES-GST application. In this regard, an Instruction No. 02/2023-GST has been issued which provides scrutiny schedule, process of scrutiny along with timelines and reporting requirements. The DG Systems has developed a functionality "Scrutiny of Returns", containing the online workflow for scrutiny of returns in the CBIC ACES-GST application. Instruction No. 02/2022 dated 22.03.2022 shall not apply for FY 2019-20 onwards.



ADVISORY ON FILING OF DECLARATION IN ANNEXURE V BY GOODS TRANSPORT AGENCY (GTA) OPTING TO PAY TAX UNDER FORWARD CHARGE MECHANISM

Editorial Note :GTAs who commence business or cross registration threshold on or after 1st April, 2023, and wish to opt for payment of tax under forward charge mechanism are required to file their declaration in Annexure V for the FY 2023-24 physically before the concerned jurisdictional authority. The declaration may be filed within the specified time limits, as prescribed in the Notification. No. 05/2023-Central Tax (Rate), dated. 09.05.2023

SECTION 31 OF THE CENTRAL GOODS AND SERVICES TAX RULES, 2017 - TAX INVOICE - NOTIFIED REGISTERED PERSON HAVING AGGREGATE TURNOVER IN A FINANCIAL YEAR EXCEEDING FIVE CRORE RUPEES TO PREPARE E - INVOICE - AMENDMENT IN NOTIFICATION NO. 13/2020-CENTRAL TAX, DATED 21-3-2020

Editorial Note :With effect from the 1st day of August, 2023, E-invoice is mandatory for all

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registered persons having aggregate turnover exceeding "five crore rupees".

SECTION 174 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017, READ WITH RULE 3 OF THE SERVICES TAX RULES, 1994 - REPEAL AND SAVING - APPOINTMENT OF ADJUDICATING AUTHORITY TO ADJUDICATE SHOW CAUSE NOTICES ISSUED UNDER ERSTWHILE SERVICE TAX LAW ORDER NO. 8/2023 [F.NO. CBIC-110267/42/2023-CX-VIII SECTION-CBEC], DATED 9-5-2023

Editorial Note : In exercise of the powers conferred by rule 3 of the Service Tax Rules, 1994, read with clause (e) of sub-section (2) of the section 174 of the Central Goods and Services Tax Act, 2017, the Central Board of Indirect Taxes and Customs hereby appoints Pr. Commissioner/ Commissioner, CGST & CX, Mumbai East Commissionerate as the Central Excise Officer to exercise the

powers of Chapter V of the Finance Act, 1994 and hence many pending cases under Service tax shall be disposed accordingly.

INCOME TAX

REGULATORY UPDATES

SECTION 10(10AA) OF THE INCOME-TAX ACT, 1961 - EXEMPTIONS - ENHANCEMENT OF EXEMPTION LIMIT OF LEAVE ENCASHMENT

Editorial Note : With effect from the the 1st day of April, 2023, the Central Government, having regard to the maximum amount receivable by its employees as cash equivalent of leave salary in respect of the period of earned leave at their credit at the time of their retirement, whether superannuation or otherwise, hereby specifies the amount of Rs. 25,00,000 (twenty-five lakhs rupees only) as the limit in relation to employees mentioned in that sub-clause who retire, whether on superannuation or otherwise.

CLARIFICATION REGARDING DEDUCTION OF TDS UNDER SECTION 192 READ WITH SUB-SECTION (1A) OF SECTION 115BAC OF THE INCOME-TAX ACT, 1961 - SUPERSESSION OF CIRCULAR NO. C1 OF 2020, DATED 13-4-2020



Editorial Note : In order to avoid the genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, hereby directs that a deductor, being an employer, shall seek information from each of its employees having income under section 192 of the Act regarding their intended tax regime and each such employee shall intimate the same to the deductor, being his employer, regarding his intended tax regime for each year and upon intimation, the deductor shall compute his total income, and deduct tax at source thereon according to the option exercised. If intimation is not made by the employee, it shall be presumed that the employee continues to be in the default tax regime and has not exercised the option to opt out of the new tax regime. Accordingly, in such a case, the employer shall deduct tax at source, on income under section 192 of the Act, in accordance with the rates provided under sub-section (1A) of section 115BAC of the Act.

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It is also clarified that the intimation would not amount to exercising option in terms of sub-section (6) of section 115BAC of the Act and the person shall be required to do so separately in accordance with the provisions of the sub-section.

SECTION 194A OF THE INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - INTEREST OTHER THAN INTEREST ON SECURITIES - NOTIFIED SCHEME FOR PURPOSE OF EXEMPTION FROM APPLICABILITY DEDUCTION OF TAX AT SOURCE ON INTEREST

Editorial Note : The Central Government hereby notifies that the Scheme namely the Mahila Samman Savings Certificate, 2023, made in exercise of the powers conferred by section 3A of the Government Savings Promotion Act, 1873 (5 of 1873) and notified vide notification number G.S.R. 237(E) dated the 31st March, 2023 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), shall be a Scheme framed for the purposes of said sub-clause and shall be exempted from deduction of tax at source requirements.



CLARIFICATION REGARDING APPLICABILITY OF TAX COLLECTION AT SOURCE TO SMALL DEBIT/CREDIT TRANSACTIONS UNDER LRS VIDE PRESS RELEASE, DATED 19-5-2023

Editorial Note : Concerns have been raised about the applicability of Tax Collection at Source (TCS) to small transactions under the Liberalized Remittance Scheme (LRS) from July 1, 2023. To avoid any procedural ambiguity, it has been decided that any payments by an individual using their international Debit or Credit cards upto Rs. 7 lakhs per financial year will be excluded from the LRS limits and hence, will not attract any TCS. Existing beneficial TCS treatment for education and health payments will also continue. The necessary changes to the Rules (Foreign Exchange Management (Current Account Transactions Rules), 2000) will be issued separately.

CBDT PROPOSES CHANGES TO RULE 11UA IN RESPECT OF ANGEL TAX - ALSO PROPOSES TO NOTIFY EXCLUDED ENTITIES

Editorial Note : Rule 11UA for valuation of shares for the purposes of section 56(2)(viib) of the Act is proposed to be modified and notification of entities to which the said provision shall not apply is also being issued separately



CORPORATE LAW UPDATES IMPORT EXPORT CODE (IEC) UPDATE:

Editorial Note : The Director-General of Foreign Trade (DGFT) through Notification No. 58/2015-2020, dated 12th February 2021 has mandated that all Import Export Code (IEC) holders are now legally required to update their IEC details every year from April to June online, even if there is no change. IEC holder(s) must be aware that any risks highlighted by the system are promptly addressed; otherwise, the IEC will be deactivated. IEC holders have to update the IEC

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code annually within the period of April-June. 30th June 2023 is the last day to update IEC.

Without an Import Export Code, importers will not be permitted to bring in commodities, and exporters will not be able to request export benefits from the Director General of Foreign Trade without one.



TREATMENT OF EMPLOYEES PROVIDENT FUND DUES UNDER THE IBC

Editorial Note : The Apex court has reaffirmed the established legal position of law regarding the treatment of Employees' Provident Fund ("EPF Dues") under the Insolvency and Bankruptcy Code, 2016 ("Code") in its decision in State Bank of India vs. Moser Baer Karamchari Union [1]. The fundamental cause for varied interpretations of how PF dues are processed under the Code ensues from the overlapping nature of some clauses within the Code itself, the Employees' Provident Funds

and Miscellaneous clauses Act, 1952 ("EPF Act") and the Companies Act, 2013. The article examines the reasoning used by various adjudicating authorities to determine the rights of employees of the corporate debtor, tracing the judicial trend in how the code treats EPF dues.



FVCI REGULATIONS 2.0: FVCI REGISTRATION AND ELIGIBILITY CONDITIONS REVISE TO PROPOSE SEBI

Editorial Note : The Securities and Exchange Board of India ("SEBI") published a consultation paper [1] On May 18, 2023, proposing revisions to the legal requirements for the registration and qualification of foreign venture capital investors (or "FVCIs"). On the consultation document, the public is encouraged to offer their opinions.

With the aim of ensuring sufficient due diligence and regulating the inflow of foreign capital into India via the FVCI route, SEBI's proposals aim to broadly align the conditions under the



SEBI (Foreign Venture Capital Investor) Regulations, 2000 ("FVCI Regulations") with certain conditions under the SEBI (Foreign Portfolio Investors) Regulations, 2019 ("FPI Regulations").



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Tax Compliance Calendar for June 2023

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To	
7th June	May 2023	TDS deposit	Non-Government Deductors	
		Equalization Levy deposit	All Deductors	
11th June		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. 5crore in FY 2022-23 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme	
13th June		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	
15th June		May 2023	Deposit of PF & ESI contribution	All Deductors
20th June		May 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. 5crore in FY 2022-23 and not opted for QRMP scheme
30th June	2022-23	Form 11 (extended)	All LLPs	
	2022-23	DPT -3	All Companies	

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25th June	May 2023	PMT 06 Payment of tax liability	Tax payers (Quarterly Filers under QRMP)
30th June	Various pending returns	Various forms under GST Amnesty Scheme	All as applicable.

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