

# DEVMANTRA TIMES

## SEPTEMBER EDITION

ISSUE NO : 31, DATE : 1<sup>ST</sup> September 2023

Dear Readers,

We welcome you to the Thirty First edition of DevMantra Times for the month of September 2023. CBDT has notified Form 71 to enable TDS Credit for Previously Declared Income in ITRs which will generate free cash flows to many entities. This is a welcome move by the CBDT.

### Economic Updates

#### RESERVE BANK OF INDIA'S LIQUIDITY WITHDRAWAL PUSHES BANK CD ISSUANCES TO 3-MONTH HIGH

The Reserve Bank of India's move to withdraw liquidity from the banking system has forced lenders to scout the market for funds, pushing up the issuances of certificates of deposits (CDs) to a three-month high for the previous fortnight. Banks raised over 350 billion rupees (\$4.24 billion) via CDs in the fortnight ended Aug. 25, data from CCIL's F-Trac platform showed. That is the highest since the two weeks ended May 19, or before the central bank withdrew the highest level currency notes.



#### INDIA, UK TO CONTINUE FTA NEGOTIATIONS TILL AUG-END

Indian and UK officials will continue their negotiations till the month-end to iron out differences on the proposed free trade agreement (FTA), the commerce ministry said on Sunday. This meeting will be followed by a review at the higher level, it said.

Following the G20 Trade and Investment Ministers Meeting (TIMM) at Jaipur, the progress of the negotiations was reviewed by Commerce and Industry Minister Piyush Goyal and UK's Secretary of State for Trade Kemi Badenoch on August 26.

#### FDI EQUITY INFLOWS DIP 34% TO \$10.94 BN IN APRIL-JUNE

Foreign direct investment (FDI) into India dipped by 34 per cent to \$10.94 billion during April-June period this fiscal year, according to the Department for Promotion of Industry and Internal Trade (DPIIT). FDI inflows stood at \$16.59 billion during April-June 2022-23, the data from DPIIT showed.

#### MIZORAM GOVT INCURS RS 4.88 CRORE WASTEFUL EXPENDITURE DUE TO NEGLIGENCE: CAG

The Comptroller and Auditor General (CAG) of India has slammed the Mizoram government for incurring an "avoidable"

expenditure of Rs 4.88 crore on formation cutting of Darlak-Sihthiang road in Mamit district due to "negligence".

The CAG report tabled in the assembly by Chief Minister Zoramthanga in the recently concluded session said that the construction of the Darlak-Sihthiang road was undertaken under the Pradhan Mantri Gram Sadak Yojana (PMGSY) despite the village being already connected.



#### MANAGING GLOBAL DEBT VULNERABILITIES REMAINS A BIG CONCERN, SAYS FINANCE MINISTER

Multilateral development banks (MDBs) are facing increasing demands to expand their lending operations beyond their core development mandates. A committee comprised of independent experts has recommended that MDBs tackle global challenges alongside core missions, triple sustainable lending levels by 2030, and infuse funds to improve capital adequacy.

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### STARTUP UPDATES

#### GIFT IFSC: A BOOMING HUB FOR GLOBAL FUND MANAGERS

India's thriving economy has also attracted \$46 billion in FDI during FY2023, registering a remarkable growth of 89% since FY2014. This warrants scrutiny of the jurisdictions contributing to this inflow. Notably, Singapore emerged as the leading source of FDI to India, contributing 37% (\$17.2 billion) of the basket. The small island nation of Mauritius had a 13.32% share followed by the US at 13.13%.

#### KARNATAKA RESEARCH FOUNDATION TO BE SET UP FOR R&D IN STARTUPS : INDUSTRIES MINISTER N S BOSERAJU

Karnataka Minister N S Boseraju on Saturday said a state-level research foundation will be formed to conduct research and development in startups and industries. Speaking at the valedictory session of the Indian StartUp Festival-2023 at Sathya Sai Village, Boseraju said it is imperative for constant research and development in the field of science and technology that is fundamental to the startup ecosystem.

#### PRASHANTH RANGANATHAN'S NEW VENTURE IN TALKS FOR \$20-25 MILLION

Former PayU Finance India chief executive Prashanth Ranganathan has held talks with investors to raise \$20 million to \$25 million for his new venture, multiple people aware of the discussions told ET. Ranganathan, who left Prosus-owned PayU earlier this year, is currently on gardening leave. His new venture will likely be in the wealthtech space and will allow Indian parents to save funds across various financial instruments to help with their child's tertiary education.

#### LATE-STAGE INVESTING IS STUCK AS INDIAN COMPANIES STILL AT 2021 VALUATIONS: SOFTBANK VISION FUND'S SUMER JUNEJA

Indian late-stage startups with adequate capital are still sticking to their 2021 valuations, unlike their global counterparts which have undertaken significant cuts, deterring investors like SoftBank Vision Fund from deploying fresh funds in this market, a senior executive at the fund told ET in an interview. Sumer Juneja, managing partner, India & EMEA (Europe, Middle East and Africa) at SoftBank Investment Advisers (SBIA), who completes

five years as its India head, said most of the top technology companies in India are well capitalised and have cut costs over the past year, leading to their unwillingness to opt for a down round where their valuation will be corrected. A down round is when a privately held startup raises capital at a lower valuation compared with its previous funding.



#### 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.

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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**

#### **HC DIRECTED DEPT. TO RESTORE PETITIONER'S GST REGISTRATION AFTER SUBMITTING PENDING RETURNS**

**Editorial Note:** Where petitioner's cancellation occurred on 12-1-2023, after 31-12-2022 deadline specified in Notification No. 3/2023-Central Tax, but consideration for extension was pending during that period, therefore petitioner was entitled to benefit of said extension and GST registration was to be restored.

**Assessee can't approach High Court after expiry of period of limitation prescribed for statutory appeal: HC**

**Editorial Note :** : Where against demand order, remedy of appeal had not been availed and assessee approached High Court after expiry of period of limitation prescribed for statutory appeal which was to avoid obstacle of expired period of

limitation, instant writ petition was to be dismissed

**DEPT. CAN'T CONDUCT GST AUDIT AFTER APPROVING CANCELLATION OF GST REGISTRATION: MADRAS HC**

**Editorial Note :** Section 65 provides for periodical audit and authority having failed to conduct audit during any time prior to closure of business and cancellation of registration, could not conduct audit after closure of business for period prior to closure.



**GOODS WHICH ARE RETURNED NEED NOT BE NECESSARILY ACCOMPANIED WITH A CREDIT NOTE: MADRAS HC**

**Editorial Note :** Where petitioner dispatched goods to buyer by four different invoices and on return, goods were re-transported back by petitioner after generating four different e-way bills but goods were detained, since goods were covered by four invoices and accompanied with e-way bills,



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detention of goods on ground that same accompanied no credit note was per se illegal for reason that issuance of Credit Note and/or Debit Note under section 34(1) of CGST Act, is required only for adjustment of tax liability.



### NO ITC ALLOWED IF SUPPLIER DIDN'T PAY GST TO GOVERNMENT EVEN IF TAX WAS COLLECTED FROM BUYER: PATNA HC

**Editorial Note :** Unless there is credit available in credit ledger of purchaser to claim Input Tax, claim would be frustrated; claim of Input Tax Credit raised by the petitioner cannot be sustained when supplying/selling dealer has not paid up the amounts to Government despite collection of tax from purchasing dealer.



Though no appeal was filed and petitioner had filed writ petition long after period of appeal had expired, since issue raised fell for interpretation of provision enabling Input Tax Credit under BGST Act, writ petition was admitted.

### INCOME TAX

#### REGULATORY UPDATES ITAT STAYED DEMAND OF 'EBAY' AS AO REPEATEDLY INSISTED ON PAYMENT OF 20% OF DEMAND WITHOUT CONSIDERING TDS AMOUNT

**Editorial Note:** ITAT Held. The Tribunal ordered the AO to calculate 20% of the total disputed demand, not just the outstanding demand under section 156. The case was sent back for verification. If 20% of the disputed demand was paid, the AO should grant stay to the assessee.



#### REGULATORY UPDATES ITAT STAYED DEMAND OF 'EBAY' AS AO REPEATEDLY INSISTED ON PAYMENT OF 20% OF DEMAND WITHOUT CONSIDERING TDS AMOUNT

**Editorial Note :** Where assessee had Rs. 42.38 lakhs cash before demonetization and he had deposited Rs. 15.08 lakh during demonetization period, considering entire withdrawal of family and also giving weightage to family expenses, demonetized cash deposit of Rs. 15 lakhs was to be treated as explained, and thus, addition made towards deposit of demonetized notes was to be deleted.

#### MUTUALITY DOESN'T EXEMPT INTEREST INCOME OF CLUBS EVEN IF BANKS ARE CORPORATE MEMBERS: SC

**Editorial Note:** Mutuality does not exempt from tax interest income earned by clubs from FDs in banks, irrespective of whether the banks are corporate members of the club or not.

When surplus funds of a club are invested as fixed deposits in a bank and the bank has a right to utilize the said fixed deposit amounts for its banking business subject to repayment of the principal along with interest, then, the identity is lost.



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### NON-DISCLOSURE OF A LOAN TRANSACTION IN ITR DOESN'T VOID ENFORCEMENT OF SEC. 138 OF NI ACT: BOMBAY HC

**Editorial Note :** Where a complaint filed against respondent-accused on ground that cheque issued by him to discharge his loan had been dishonoured was dismissed on ground that amount stated to be advanced to accused had not been shown in its Income Tax return, a transaction not reflected in books of accounts and/or Income Tax returns of holder of cheque in due course can be permitted to be enforced by instituting proceedings under section 138 of Act of 1881 and that violation of sections 269-SS of Act of 1961 would not render transaction unenforceable under section 138 of Act of 1881

### CBDT NOTIFIES RULE 11UACA CBDT NOTIFIES RULES TO CALCULATE LIFE INSURANCE INCOME WHERE PREMIUM EXCEEDS RS.5 LAKH

**Editorial Note :**

• The Central Board of Direct Taxes (CBDT) issued a notification no. 61/2023, on 16 August notifying new guidelines under Section 10(10D) of the Income Tax Act, 1961, prescribing a mechanism for calculating income from life insurance policies where the

aggregate annual premium exceeds Rs.5 lakh.

• The CBDT has notified the Income Tax Amendment (Sixteenth Amendment), Rules, 2023, prescribing Rule 11UACA for calculating income concerning the sum received upon maturity of life insurance policies where the premiums exceed Rs.5 lakh and such policies are issued after 1 April 2023.

• As per the rules, the tax exemption on the maturity benefits under Section 10(10D) of the Income Tax Act for the policies issued after 1 April 2023 would be applicable if the aggregate premium paid is up to Rs.5 lakh a year.

• For premiums beyond Rs.5 lakhs, the maturity proceeds will be added to the individual's income and taxed at the applicable rates. This change in the tax provision of life insurance policies, except Unit Linked Insurance Policy (ULIP), was announced in the Union Budget 2023-24.

• According to the CBDT notification, Section 10(10D) of the Income Tax Act provides income tax exemption on the amount received under a life insurance policy, including the amount allocated through a bonus on such

a policy subject to certain exclusions.

• From the assessment year 2024-25, the amount received under a life insurance policy issued after 1 April 2023 (other than a ULIP) will not be exempt under Section 10(10D) of the Income Tax Act when the premium amount payable for any of the previous years during the term of the policy exceeds Rs.5,00,000.

• The CBDT guidelines regarding the sum received upon maturity of life insurance policies are elaborate and provide examples on the computation of the eligible exemption. However, the taxation provision for the sum received on the death of an insured is not changed and is exempt from income tax.



### CBDT NOTIFIED FORM 71 TO ENABLE TDS CREDIT FOR PREVIOUSLY DECLARED INCOME IN ITRS

**Editorial Note :** The Finance Act of 2023 introduced a new sub-section (20) to Section 155, which comes into effect from October 1, 2023.

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This newly added sub-section applies in cases where income has been reported in an income tax return for a particular assessment year, but the tax was deducted at source (TDS) in a subsequent financial year. To facilitate this amendment, the CBDT vide Notification No. 73/2023 dated August 30, 2023, has introduced a new Rule 134 into the Income-tax Rules, 1962. This rule mandates the submission of Form 71 to claim TDS credit in such scenarios.

This system aims to assist investors in recognizing, differentiating, and steering clear of unregistered entities or financial influencers. Comments / suggestions may be forwarded by email by 15.09.2023.

debt securities or non-convertible redeemable preference shares issued by way of a public issue etc.



### SEBI INTRODUCES VOLUNTARY DELISTING NORMS FOR NON-CONVERTIBLE DEBT SECURITIES AND NON-CONVERTIBLE REDEEMABLE PREF. SHARES

**Editorial Note :** SEBI notifies the SEBI (LODR) (3rd Amendment) Regulations, 2023. As per the amended norms, a new chapter -VI A has been added which prescribes the framework for voluntary delisting of non-convertible debt securities/ non-convertible redeemable preference shares. It shall not be applicable on certain listed entities like a listed entity that has outstanding listed non-convertible debt securities or non-convertible

### CORPORATE LAW UPDATES SEBI'S REGULATORY UMBRELLA NOW COVERS THE 'FINANCIAL INFLUENCERS'- AN OVERVIEW

**Editorial Note :** SEBI has released a consultation paper proposing restrictions on association of SEBI-registered intermediaries/regulated entities with unregistered 'influencers'. This separate consultation paper introduces the concept of a specialized fee payment system for registered IAs and RAs.





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### Tax Compliance Calendar for August 2023

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7th Sep	August 2023	TDS deposit	Non-Government Deductors
		Equalization Levy deposit	All Deductors
15th Sep		Advance Tax	Second instalment of advance tax for the assessment year 2024-25
30th Sep		AY 2023-24	Filing of audit report under section 44AB for the assessment year 2023-24 in the case of a corporate-assessee or non-corporate assessee. Filing of Audit report for charitable or religious trusts or institutions registered under Section 12A in Form 10B
31st Oct		AY 2023-24	Return of income for all assesse (a) corporate- assesse or (b) noncorporate assesse (whose books of account are required to be audited) or (c) partner of a firm whose accounts are required to be audited or the spouse of such partner if the provisions of section 5A applies
30th Sep		TDS / TCS Returns	Due date of furnishing TDS statement (non salary) which has been extended from June 30, 2023 to September 30, 2023 vide Circular no. 9/2023, dated 28-06-2023

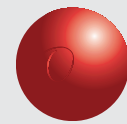
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30th Sep		TDS / TCS Returns	a) Due date of furnishing TCS statement has been extended from June 30, 2023 to September 30, 2023 vide Circular no. 9/2023, dated 28-06-2023
11th Sep		GSTR-1 (Outward supply return)	a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23 b) Taxable persons having annual turnover
13th Sep		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 Sep	Sep 2023	Deposit of PF & ESI contribution	All Deductors
20th Sep	Sep 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





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22nd/24th Sep	August 2023	PMT 06 Payment of tax liability	Tax payers (Quarterly Filers under QRMP)
10th Sep	August 2023	GSTR - 8	Return to be filed by the E-commerce operators who are required to collect TCS
30th Sep	Annual Compliance	DIR 3 KYC	KYC of Directors / Partners
27th Sep	Annual Compliance for One Person Company	AOC 4 (OPC)	Form for filing Financial Statements

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