

DEVMANTRA TIMES

DECEMBER EDITION

ISSUE NO : 22, DATE : 1ST DECEMBER 2022

Editorial

Dear Readers,

We welcome you to the **Twenty second edition** of **Devmantra Times** for the month of **December 2022**.

Devmantra Town Hall Meet



"Town hall meetings connect the leadership team with all team members to share important information and inspiration, and to understand what's on their minds"-this is exactly what we have achieved in our second town hall meet. The meeting was held in a hybrid mode both off line & online .Each new members of the team introduced themselves & the event started with a highly motivating speech from CA.Nidhi Tatia, Director & Shri. Vikas Tatia ,Chairman. Our partner CA.Sundar expressed his joy in completing 1 year with organization.Everybody enjoyed the High Tea.Farewell was given to our graduating Trainees. Employee Gifts were distributed & everyone was surprised & happy to receive such beautiful gifts.



Economic Updates

Global monthly wages contracted to 0.9% in first half of 2022 owing to rising inflation. Among advanced G20 countries, real wages in the first half of 2022 are estimated to have declined to -2.2%, whereas real wages in emerging G20 countries grew by 0.8%, which is 2.6% less than the pre pandemic year of 2019, it said. "The multiple global crises we are facing have led to a decline in real wages. It has placed tens of millions of workers in a dire situation as they face increasing uncertainties," Gilbert F. Hounbo, Director - General , ILO said.

Urban areas feel the pain as unemployment in India surges to 8% in November

- The unemployment rate of 8% in November is the second highest in the fiscal so far with the highest being 8.28% registered in August this year. The unemployment rate in India stood at 7.83% in April, 7.14% in May, 7.83% in June, 6.83% in July, 8.28% in August, 6.43% in September and 7.77% in

RBI's modified digital lending norms came into effect from 1.12.2022

The Reserve Bank's revised digital lending guidelines, which aim to protect customers from exorbitant interest rates charged by certain entities while also preventing unethical loan recovery practises, came into effect on Thursday.

Under the new rules, all loan disbursements and repayments must be made only between the borrower's bank account and the regulated entities (such as banks and NBFCs), with no pass-through/pool account of the Lending Service Providers (LSPs).

India's free-market oasis along Gujarat's Sabarmati river aims to take on Singapore and Dubai

In the state of Gujarat, just a few glass-fronted towers greet the 20,000 employees of companies such as JPMorgan Chase & Co. and HSBC Holdings Plc who commute in each weekday. Its full name is Gujarat International Finance Tec-City, but it's more commonly known as GIFT City. It occupies 886 acres between Gujarat's capital, Gandhinagar, and Ahmedabad, its biggest city. As of October, bankers managed a combined \$33 billion here.

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What's drawing these companies? An exemption from many rules and taxes that hamper business and trading in the rest of India. GIFT City is an experiment in free markets nestled inside a \$3 trillion economy—one of the world's fastest-growing—that's long been reluctant to let its national currency, the rupee, become a plaything of international investors. The goal is to create a welcoming place where India-centric trading that's moved to Dubai, Mauritius or Singapore can return home.

Startup updates

Moving partners with Park+ to set up 2,000 battery-swapping stations

- FarEye collaborates with Pepperfry to improve furniture delivery experience .
- Mankind Pharma acquires majority stake in Upakarma Ayurveda
- Startup applications launched for registration on MAARG Portal

INDUSTRY INSIGHTS

Social Startups

Social tech startups are leveraging technology to solve some of the long-standing societal challenges with their unique, innovative, and sustainable solutions. With an estimated 20 lakh social enterprises in India, the fast growth of social tech startups can be attributed to the

increased technology adoption and the need for change makers to solve the different challenges in India. As per data by Department for Promotion of Industry and Internal Trade (DPIIT), approximately 23% of startups in the social impact segment are spanning from sectors such as Healthcare and Life sciences (7537), Education (5309), Agriculture (3887), Green Technology (1,844), Social Impact (500).

These social enterprises can operate both as a not-for-profit or a for-profit company structure suitable to their business needs. Below are some of the prominent sectors wherein the combination of business and technology have created significant social impact.

Companies increase hiring of women

As a trend in the automobile industry, several key companies such as Tata Motors, MG Motor India, Hero Motocorp, Bajaj Auto, etc. are planning to hire more women workforce. It may be noted that these companies already have a significant women workforce percentage in the factory workforce or even the overall workforce.

These women workers are employed in critical manufacturing units as companies are actively trying to make the manufacturing workplace gender-balanced with support to women employees through various initiatives such as "Kaushalya" in Tata Motors wherein women employees are offered 2-3-year training and formal education such as diploma in manufacturing, etc. In Hero MotoCorp, an initiative called "Project Tejaswini" has resulted in an increase in female employees.

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 notifications, 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,
CA.PRATIK NIYOGI,FCA
On behalf of the Editorial Team



GST

REGULATORY UPDATES CIRCULAR NO. 181/13/2022 - GST, DATED 10-11-2022

CBIC issues clarification on applicability of recent changes related to refund under Inverted Duty Structure

Editorial Note : Recently, the CBIC has amended formula for grant of refund in cases of inverted duty structure and restriction has been placed on refund of unutilised input tax credit on account of inverted duty structure in case of supply of certain goods falling under chapter 15 and 27. Now, the CBIC has issued circular to provide clarification on various issues pertaining to the implementation of the above changes.



CIRCULAR NO. 182/14/2022-GST, DATED 10-11-2022

CBIC issues guidelines for verifying Transitional Credit by Officers

Editorial Note : The CBIC has issued detailed guidelines for verifying Transitional Credit by jurisdictional Tax Officers in light of the order of the Hon'ble Supreme Court in the Union of India vs. Filco Trade Centre Pvt. Ltd. In this regard, circular has been issued.

NOTIFICATION NO. 43/2015-2020, DATED 09-11-2022

Amendments in FTP & HBP notified to permit export proceeds in INR

Editorial Note : The DGFT has issued a notification to notify amendments in Foreign Trade Policy to permit invoicing, payment and settlement of export proceeds in INR as per RBI Circular. Similarly, the public notice is also issued to notify amendments in Handbook of Procedures.

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NOTIFICATION NO. 58/2022-CUSTOMS, DATED 18-11-2022

No Export Duty on export of various items of stainless steel

Editorial Note : The CBIC has issued notification to amend the levy of export duty on several items. The Nil rate of duty is prescribed on export of several stainless steel items such as Flat-rolled products of stainless steel; other bars and rods of stainless steel; angles, shapes and sections of stainless steel; Bars and rods, hot-rolled, in irregularly wound coils, of other alloy steel etc.

NOTIFICATION NO. 59/2022-CUSTOMS & NOTIFICATION NO. 60/2022-CUSTOMS, DATED 18-11-2022

Govt. removes exemption on levy of Customs Duty & AIDC from Coking coal

Editorial Note : The Government has earlier granted exemption from levy of Customs Duty & AIDC on import of Coking coal and Anthracite/Pulverized Coal Injection (PCI) coal. Now, the exemption has been withdrawn with effect from November 19th, 2022.

CIRCULAR NO. 24/2022-CUSTOMS, DATED 28-11-2022

Improvements in SWIFT by integration of ICEGATE with AQCS-ICS w.e.f. 01-12-2022 for trade facilitation

Editorial Note : CBIC has issued a circular providing that improvements have been made in SWIFT by integration of the Digital Import Clearance System of AQCS-ICS (Animal Quarantine and Certification Services-Import Clearance System). This would enable migrating from online NoC through ICES to online message exchange mode. The AQCS-ICS would be introduced from 01-12-2022. For this, the relevant changes will be made in the Customs System.

INSTRUCTION NO. 32 /2022-CUSTOMS, DATED 28-11-2022

Requirement to accompany Health Certificate with import of specified food consignments extended till January 1, 2023

Editorial Note : As per the FSSAI instructions, imported food consignments of specified food categories are required to be accompanied by Health Certificate issued by the Competent Authority of exporting country w.e.f. 01-11-2022. The FSSAI has extended the applicability of the said order to January 1, 2023. In this regard, a corresponding amendment has been made by CBIC



NOTIFICATION NO. 30/2022 – CUSTOMS (ADD), DATED 28-11-2022

Changes notified on levy of ADD on import of Cast Aluminum Alloy Wheels/ARW used in motor vehicles originated/exported from China

Editorial Note : Import of Cast Aluminium Alloy Wheels or Alloy Road Wheels (ARW) used in Motor Vehicles (HSN - 8708 70) originating in or exported from China PR is liable to Anti-Dumping Duty vide Notification No. 17/2019-Customs (ADD), Dated 09-04-2019. On mid-term review by the designated authority, amendments have been notified in the said notification.

INSTRUCTION NO. 04/2022, DATED 28-11-2022

CBIC issues instructions providing manner of processing & sanctioning refunds of IGST paid by risky exporters

Editorial Note : Recently, Rule 96 of the CGST Rules has been amended to provide that the refund of IGST paid on exports of goods may be withheld in case of risky exporters identified by DGARM. In this regard, the CBIC has issued a detailed instruction providing the manner of processing and sanctioning refund in such cases.

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GSTN NOW PART OF AA NETWORK TO FACILITATE CASH FLOW LENDING TO MSMEs: RBI*

In a major development, the Goods and Services Tax Network (GSTN) has been included to the account aggregator (AA) network as a financial information provider (FIP) to facilitate cash flow lending to the micro, small, and medium enterprises (MSMEs). "Department of revenue shall be the regulator of GSTN for this specific purpose and GST returns, viz. Form GSTR-1 and Form GSTR-3B, shall be the financial information", the RBI said. The AA network had been in discussion with the GSTN network for their onboarding for a long time as this would give financial institutions

access to data regarding small businesses, which would help them to extend loans to such businesses.

GOVT. APPOINTS COMPETITION COMMISSION OF INDIA TO DEAL WITH ANTI-PROFITEERING MATTERS UNDER SECTION 171(2)*

The Government has empowered the Competition Commission of India established under Section 7(1) of the Competition Act, 2002 as an authority under Section 171(2) of the Central Goods and Services Tax Act, 2017



with effect from December 1, 2022. Notably, Section 171(2) allows the Central Government to constitute or empower, through notification, any authority to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services supplied by him. Further, the relevant rules under the Central Goods and Services Tax Rules, 2017 have also been modified accordingly. In this regard, Rules 122, 124, 125, 134, and 137 have been omitted. Also, Rule 127 and Rule 137 have been amended.

(Notification No. 23/2022 – Central Tax & Notification No. 24/2022 – Central Tax, both dated 23-11-2022)

CLARIFICATION ON REFUND RELATED ISSUES-Circular no. 181/13/2022-GST dated 10 November 2022

Issue	Clarification
Whether the formula prescribed u/r 89 will apply only to refund applications filed on or after 5th July 2022? Or, whether the same will also apply in respect of the applications filed before or pending with the officer as on 5th July 2022?	The amendment in formula is not clarificatory in nature and hence is applicable prospectively in respect of refund applications filed on or after 5th July 2022. The applications filed before 5th July 2022 will be dealt as per old formula.
Whether the restriction placed on refund of unutilised ITC on account of IDS in case of certain goods falling under chapter 15 and 27 would apply to the refund applications filed on or after 18th July 2022? Or, whether the same will also apply in respect of applications filed before or pending with the officer as on 18th July 2022?	The restriction would be applicable in respect of refund applications filed on or after 18th July 2022 (and not applications filed before 18th July 2022)

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RECENT JUDICIAL RULINGS ON GST

SECTION 2(4) OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - ADJUDICATING AUTHORITY

Where adjudication order was cryptic and non speaking and was passed without considering annexure filed by petitioner showing difference of calculation between purchase and sale details and also tabulation, petitioner was to be given opportunity for personal hearing and thereafter, on documents submitted by petitioner, issue could be decided by Adjudicating Authority - Jothi Agency v. State Tax Commissioner (GST) - [2022] 144 taxmann.com 103 (Madras)

SECTION 29 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REGISTRATION - CANCELLATION OF

Where order of cancellation of registration of petitioner's firm was passed without recording any reason whatsoever, therefore, same failed to satisfy test of judicial order and suffered from vice of violation of Article 14 of Constitution of India - Om Prakash Mishra v. State Of U.P - [2022] 144 taxmann.com 105 (Allahabad)

SECTION 54 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - REFUND - TAX, REFUND OF

Refund of IGST paid on export of goods to be granted when drawback at higher rate was availed after deducting differential amount of duty drawback, and if same had not already been returned by assessee - Kishan Lal Kuria Mal International v. Union of India - [2022] 144 taxmann.com 107 (Delhi)

SECTION 65 OF THE CENTRAL GOODS AND SERVICES TAX ACT, 2017 - AUDIT - BY TAX AUTHORITIES

High Court directs Anti-evasion wing and Range Office not to proceed with notices issued for financial year for which GST audit had been conducted; Department was directed to complete audit proceedings - R. P. Buildcon (P.) Ltd. v. Superintendent, CGST & Central Excise-Circle-II - [2022] 144 taxmann.com 108 (Calcutta)



INCOME TAX

REGULATORY UPDATES

CIRCULAR NO. 23/2022, DATED 03-11-2022

CBDT releases Explanatory Notes to provisions of the Finance Act, 2022

Editorial Note : The Central Board of Direct Taxes (CBDT) has released the explanatory notes to the provisions of the Finance Act, 2022. These explanatory notes describe the substance of the provisions/amendments made by the Finance Act, 2022 relating to Income-tax

RECENT JUDICIAL RULINGS ON INCOME TAX

SECTION 9 OF THE INCOME TAX ACT, 1961 - INCOME - DEEMED TO ACCRUE OR ARISE IN INDIA

Reinsurance commission income of foreign insurer is not taxable in India merely by reason of existence of group subsidiary in India providing support services - RGA International Reinsurance Co. Ltd. v.

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Assistant Commissioner of Income-tax, International Taxation, 4(1)(1) - [2022] 144 taxmann.com 26 (Mumbai - Trib.) GAAR can be invoked against Treaty shopping only if it perverts the treaty bargain between two contracting states - Her Majesty The Queen v. Alta Energy Luxembourg S.A.R.L - [2022] 144 taxmann.com 23 (SCC)

SECTION 12AA OF THE INCOME-TAX ACT, 1961 - CHARITABLE OR RELIGIOUS TRUST - REGISTRATION PROCEDURE

Grant of registration : While considering registration of assessee-trust under section 12AA, non-commencement of charitable activities could not be ground for rejection of application - Director of Income-tax (Exemptions) v. MeenakshiAmmam Endowment Trust Etc. - [2022] 143 taxmann.com 240 (SC)

SECTION 44AB OF THE INCOME-TAX ACT, 1961 - AUDIT COMPULSORY

Penalty : Where assessee was under bonafide belief that as per Guidance Note issued by ICAI on 'tax audit under section 44AB' net result in derivative transaction was to be considered as turnover and accordingly, he would not be liable to get his books audited as turnover

did not exceed more than Rs. 1 crore, penalty levied under section 271B was to be deleted - Sachin MarotraoRangari v. ACIT - [2022] 143 taxmann.com 318 (Rajkot - Trib.)

SECTION 69A OF THE INCOME-TAX ACT, 1961 - UNEXPLAINED MONEYS

Illustration : Where Assessing Officer did not accept claim of assessee-university that deposits in its bank account represented partly sale proceeds of books and partly donation made to a Trust, and rather added entire amount to assessee's total income as unexplained money under section 69A without verifying facts, matter was to be remanded back for re-adjudication after considering all details and evidences - Central Institute of Higher Tibetan Studies v. Income-tax Officer (Exemption) - [2022] 143 taxmann.com 244 (Varanasi-Trib)

SECTION 90 OF THE INCOME-TAX ACT, 1961 - DOUBLE TAXATION RELIEF - WHERE AGREEMENT EXISTS

Elimination of double taxation - Eligibility of relief : Where delay in filing FTC certificate in Form No. 67 was due to non-receipt of tax deduction certificate from foreign deductor from Zambia, as tax jurisdiction of Zambian deductor followed different period for

taxing income and had different due dates for filing return as compared to India, assessee would be entitled for FTC after due verification - BaburaoAtluri v. Deputy Commissioner of Income-tax - [2022] 143 taxmann.com 243 (Hyderabad - Trib.)

SECTION 148A OF THE INCOME-TAX ACT, 1961 - INCOME ESCAPING ASSESSMENT - CONDUCTING INQUIRY, PROVIDING OPPORTUNITY BEFORE ISSUE OF NOTICE

General : Where revenue gave three days time to assessee to reply to notice issued under section 148A(b) and passed order under section 148A(d) for issuing reopening notice on seventh day, since legislature had categorically stipulated mandatory timeline of minimum seven days and maximum thirty days to be given to assessee before order under section 148A(d) could be passed, impugned order and reopening notice was to be quashed - Jindal Forgings v. Income-tax Department - [2022] 143 taxmann.com 263 (Jharkhand)



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CORPORATE LAW UPDATES NOTIFICATION NO. SEBI/LAD-NRO/GN/2022/97, DATED 01-11-2022

Clearing Corporation shall not undertake any activity except that of clearing and settling transactions: SEBI clarifies

Editorial Note :Earlier, SEBI vide notification no. dated January 24, 2022 granted recognition to the AMC Repo Clearing Corporation Limited for one year on a condition that Clearing Corporation shall comply with the conditions specified by SEBI. Now, SEBI has clarified that the Clearing Corporation shall not undertake any activity except that of clearing and settling transactions in repo and reverse repo in the debt securities that are dealt with or traded on a recognised stock exchange.

CIRCULAR NO. RBI/2022-23/135 DOR.AUT.REC.81/24.01.001/2022 -23, DATED 01-11-2022

RBI revises eligibility criteria to seek approval for offering internet

banking with transactional facility by RRBs

Editorial Note : Earlier, RBI vide circular dated November 19, 2015 issued instructions on 'Internet Banking Facility for Customers of Regional Rural Banks' (RRBs) in order to promote the spread of digital banking for customers in rural areas,

RBI now has revised the eligibility criteria applicable to RRBs for offering internet banking with a transactional facility to their customers. The circular is applicable to all RRBs. Further, the circular comes into force on 01.11.2022.



NOTIFICATION NO. IFSCA/2022-23/GN/GL001, DATED 28-11-2022

IFSC Authority issues Anti-Money Laundering, Counter-Terrorist Financing and KYC guidelines for Regulated Entities

Editorial Note : IFSC Authority has notified IFSCA (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022. These Guidelines shall apply to every Regulated Entity which is licensed, recognised or registered by IFSCA and also to a Financial Group of the Regulated Entity. Further, these guidelines shall come into force from the date of its publication in the official gazette

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Tax Compliance Calendar for December 2022

Compliance Due Date	Concerned (Reporting)Period	Compliance Detail	Applicable To
7 th December	November 2022	TDC/TCS deposit	Non-government Deductors
		Equalization Levy deposit	All Deductors
10 th December		a)GSTR-7(TDS return under GST) b)GSTR-8(TCS return under GST)	a)Person required to deduct TDS under GST b)Person required to collect TCS under GST
11 th December		GSTR-1(Outward supply return)	a)Taxable persons having annual turnover >Rs.5 crore in FY 2021-22 b)Taxable persons having annual turnover ≤Rs. 5 crore in FY 2021-22 and not opted for Quarterly Return Monthly Payment (QRMP)Scheme
13 th December		GSTR-6[Return by input service distributor(ISD)]	Person registered as ISD
		Invoice Furnishing Facility– IFF(Details of outward supplies of goods or services)	Taxable persons having annual turnover≤ Rs.5 crore in FY 2021-22 and opted for QRMP scheme
15 th December		Deposit of PF&ESI contribution	All Deductors
	Oct-Dec 2022	Deposit of 75%(3rd Installment) of Advance Tax for FY 2022-23.	Tax payers liable to pay advance tax
20 th December	November 2022	GSTR-3B (Summary return)	a)Taxable persons having annual turnover>Rs.5 crore in FY 2021-22 b)Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2021-22 and not opted for QRMP scheme
		a)GSTR-5(Return by Non-resident) b)GSTR-5A[Online Information Database Access and Retrieval (OIDAR)services return]	a)Non-resident taxable person b)OIDAR services provider

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Tax Compliance Calendar for December 2022

25 th December	September 2022	Form GSTPMT-06 (payment of tax for QRMP filers)	Taxable persons having annual turnover ≤ Rs.5 crore in FY 2021-22 and opted for QRMP scheme
31 st December	FY 2021-22	Belated/Revised Income-tax Return	All assesseees (provided assessment has not been completed before 31st December 2022)
		a)GSTR-9(Annual GST Return) b)GSTR-9C(Annual Reconciliation Statement).	a)Taxable persons having aggregate annual turnover >Rs.2 crore in FY 2021-22 b) Taxable persons having aggregate annual turnover >Rs. 5 crore in FY2021-22.

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