

DEVMANTRA TIMES

JANUARY EDITION

ISSUE NO : 35, DATE : 1ST January 2024

Dear Readers,

We welcome you to the Thirty Fifth edition of DevMantra Times for the month of January 2024. We welcome 2024 with best wishes for an environmentally conscious, socially responsible, financially successful, personally fulfilling, and medically uncomplicated 2024. May 2024 be purposeful, profitable, and peaceful for you and your businesses. Cheers to a year brimming with positivity and prosperity !!

ECONOMIC UPDATES

BUDGET 2024: FINANCE MINISTRY SEEKS EXPENDITURE PROPOSALS FOR FINAL SUPPLEMENTARY DEMANDS FOR GRANTS.

The Indian finance ministry is seeking expenditure proposals for the second batch of Supplementary Demands for Grants before the Budget session in January. Eligible cases include those granted advances from the Contingency Fund, payments against court decree, and cases where the finance ministry has advised moving the supplementary demand in the winter session.



GROWTH IN FRESH PERSONAL LOAN DISBURSALS FALLS IN NOVEMBER.

In November, fresh personal loan disbursements grew at 18.6%, down from 19.9% last year, impacted by the RBI's loan risk weight changes. Total outstanding loans hit Rs 50,56,524 crore from Rs 41,80,838 crore last year. Non-food bank credit grew 16.3% annually to Rs 1,56,20,554 crore. Credit to industries like basic metals rose, while engineering and infrastructure slowed. Agricultural credit grew to 18.2%, and service sector credit increased to 21.9% compared to last year's 21.3%.



INDIAN STATE BANKS TO SNAP TWO-MONTH STREAK OF SELLING GOVT DEBT: TRADERS.

These banks, typically the biggest buyers of government debt, have sold bonds worth Rs 14,380 crore (\$1.73 billion) on a net basis so far in December, following sales of Rs 8,840 crore in November, clearing house data showed.

Indian state-run banks are likely to resume buying government debt next year, after two months of sales, to cash in on attractive prices, especially before they start rising due to firming expectations of rate cuts, traders told Reuters.

IT USES FINE-TOOTH COMB TO NAB BOTH EMPLOYERS & EMPLOYEES FOR TDS-CLAIMS MISMATCH.

The Income Tax (I-T) department is using a fine-tooth comb to nab discrepancies in the tax deducted at source, or TDS, by companies and the declarations by its employees in the annual I-T returns. What's underway is a line-wise reconciliation of the two sets of numbers under different heads - house rent allowance, medical insurance, outgo on home loans, tax saving investments under 80c etc.

INDO-AUSTRALIA TRADE DEAL BOOSTS ENGINEERING EXPORTS, DESPITE IMPORT SURGE.

Engineering exports to Australia reached USD 944 million in April-November 2023-24, a 3 per cent increase. However, imports from Australia also saw a significant 30 per cent upswing during the same period. India's engineering imports from Australia reached USD 355.02 million during April to October 2023-24. The share of India's engineering exports to its total merchandise exports to

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Australia also witnessed a significant rise, reaching 15.1 per cent during the review period.

INDIA WILL CONTINUE BUYING RUSSIAN OIL, SAYS FM NIRMALA SITHARAMAN.

Finance Minister Nirmala Sitharaman affirmed on Friday that the Indian government intends to persist in procuring oil from Russia. She mentioned, "Considering the decline in global oil prices, we are maintaining our ongoing oil purchases from Russia."

INDIA STARTS FOUR-YEAR TERM AS UN STATISTICAL COMMISSION MEMBER.

The nodal body of statistics in the country, the Ministry of Statistics and Programme Implementation has been trying to develop a database of high-frequency socio-economic indicators which cannot be compiled using administrative data. India started its four-year term as a member of the United Nations Statistical Commission on Monday. The country had won the election to the global statistics body in April after a gap of nearly two decades. The period of India's term corresponds with the time that the 24-member body will decide on new norms for national accounts, which will also play an important role in changing India's GDP calculations.

STARTUP UPDATES

EV STARTUP FARADAY FUTURE'S SINKING SHARE PRICE PROMPTS NASDAQ NOTICE.

Faraday Future Intelligent Electric got a notice from the Nasdaq exchange on Thursday over its failure to comply with listing rules that require a minimum closing share price of \$1, the electric-vehicle startup disclosed in a filing.

The firm, whose shares closed at 26 cents on Thursday, has until June 25 to regain compliance by lifting its stock price over the required level for at least 10 consecutive days. Faraday in August announced a reverse stock split in an attempt to regain listing compliance, but since the start of September, its shares have declined around 96% as the company grapples with a cash crunch and supply-chain issues. Shashank ND said.



ZOOMCAR MERGES WITH INNOVATIVE INTERNATIONAL ACQUISITION CORPORATION.

The merged entity has been renamed Zoomcar Holdings Inc, and is expected to begin trading on NASDAQ on Friday, Zoomcar said in a statement. Car sharing marketplace Zoomcar and special purpose acquisition company Innovative International Acquisition Corporation (IOAC) completed their merger on Friday.

PINE LABS FY23 REVENUE SURGES 56% TO RS 1,588 CRORE, LOSSES DIP MARGINALLY.

Pine Labs majorly deploys point of sales terminals at retail merchant outlets and recently started its online ecommerce payments business too through its payment gateway solutions Plural.

SNAPDEAL'S FY23 CONSOLIDATED LOSS NARROWS TO RS 282 CRORE.

Ecommerce firm Snapdeal has seen its consolidated loss after tax narrow to Rs 282.2 crore for FY23, down from Rs 510 crore in FY22, according to the company's RoC filing. The company's total income fell to Rs 388.1 crore in FY23, from Rs 563.5 crore in FY22.

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"The focus on profitability and long-term sustainability of the business yielded results with adjusted Ebitda loss reducing to Rs 144 crore in FY23, from Rs 419 crore in FY22," the filing said. The company's loss-reduction measures also led to revenue decreasing to Rs 388 crore in FY23 from Rs 564 crore in FY22.

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



REGULATORY UPDATES NO GST ON RECOVERIES MADE FROM EMPLOYEES TOWARDS CANTEEN AND TRANSPORTATION FACILITIES PROVIDED TO THEM: AAR

Editorial Note: Where supply of canteen services by factory to its employees is exempt from GST, and applicant provides canteen services in terms of contractual agreement between employer and his employees, therefore, canteen services provided by applicant are exempted from GST under Circular No. 172/04/2022, dated 6-7-2022.



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CBIC EXTENDS THE TIME LIMIT FOR ISSUE OF NOTICE UNDER SECTION 73 OF CGST ACT 2017

CBIC vide Notification No. 56/2023 - Central Tax dated 28th December 2023 has extended the time limits for issue of notice and order under section 73 of CGST Act for FY 2018-19 & FY 2019-20 for recovery of tax not paid or short paid or of input tax credit wrongly availed or utilized, relating to the period as specified below, namely:

- FY 2018-19 Up to 30th April, 2024 (SCN 31.01.2024) Extended by 2 months
- FY 2019-20 Up to 31st August, 2024 (SCN 31.05.2024) Extended by 2 months

This extension provides additional time for the authorities to take necessary actions for the recovery of taxes or input tax credit related to the specified tax periods.

Editorial Note: This Notification will cover the cases which are time barring only under section 73 of CGST Act. Section 73 stipulates determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any wilful- misstatement or suppression of facts.

CCI DIRECTED DGAP TO FURTHER INVESTIGATE CLAIM OF ASSESSEE REGARDING PASSING ON BENEFIT OF INPUT TAX CREDIT.

Editorial Note:

Where assessee-construction company had not submitted any documents regarding passing on benefit of input tax credit to 41 flat buyers and claim of assessee could not be verified, therefore, Commission under rule 133(4) directed DGAP to further investigate claim of assessee regarding passing on benefit of input tax credit and charging lower rates from post-GST buyers than pre-GST buyers.



HC DIRECTED ASSESSEE TO PARTICIPATE IN PROCEEDINGS ALLEGING AVAILMENT OF EXCESS ITC; DISMISSED PETITION.

Editorial Note: Where a show cause notice was issued to assessee on ground that excess ITC had been taken by assessee, however no reversal of such excess ITC had been shown in any of monthly GSTR 3B of relevant months and assessee replied to same, show cause notice issued against assessee was to be adjudicated on merits by concerned authority and it was not proper to address issue in writ petition.

PENALTY OR LATE FEE SHOULDN'T BE LEVIED FOR MAKING PAYMENT OF KERALA FLOOD CESS UNDER WRONG HEAD IN GSTR-3B: KERALA HC

Editorial Note:

Where petitioner had paid Cess under incorrect head through GSTR-3B and was issued notice by revenue to file KFC-A returns and remit Cess dues in correct head, as an interim measure, revenue was to be directed to refund amount of flood Cess paid by petitioner for August, 2019 to July, 2021 period under GSTR-3B on proper application.

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APPLICATION FOR REVOCATION OF CANCELLATION COULD NOT BE DELAYED BY DEPT. SEEKING RECONCILIATION OF DISCREPANCY IN ITC: HC

Editorial Note: Where assessee filed application for change of address and had furnished documents regarding same, its application for revocation of cancellation could not be delayed by department seeking reconciliation of discrepancy in ITC claim.

ALLAHABAD HC DIRECTED ASSESSEE TO TREAT CANCELLATION ORDER AS SCN SINCE THERE WERE PROCEDURAL DEFECTS AND REMANDED MATTER.

Editorial Note: Where there were fundamental defects in procedure adopted by revenue while passing order of cancelling assessee's registration, therefore assessee was directed to treat impugned order to be show cause notice and file reply thereto and subject to such compliance revenue might fix a proper date for hearing and pass a reasoned and speaking order.

HC DIRECTED ASSESSEE TO AVAIL APPELLATE REMEDY AGAINST ITC DISALLOWED BY DEPT. DUE TO ALLEGATION OF CIRCULAR TRADING.

Editorial Note: Where revenue disallowed ITC availed by assessee, along with interest and penalty, on basis of allegation that assessee had indulged in circular trading without movement of goods with intention to avail irregular ITC; writ petition was to be dismissed because assessee had efficacious appeal remedy available to them.

INCOME TAX REGULATORY UPDATES SUPERVISORY/RISK MANAGEMENT EXP. CAN'T BE DISALLOWED IF IT WAS TREATED AS REVENUE RECEIPTS IN HANDS OF PAYEE: HC

Editorial Note: Where AO disallowed amount paid by assessee to its sister concerns towards supervisory and risk management charges, since AO had treated said charges as revenue receipt in hands of sister concerns, however, made addition to assessee's income, same transaction could not be treated differently in hands of payer i.e. assessee, thus, impugned disallowance of expenses was unjustified.



SEC. 11 EXEMPTION COULDN'T BE DENIED SOLELY DUE TO DELAY IN SUBMISSION OF AUDIT REPORT BY TRUST: ITAT

Editorial Note: Where assessee, a trust, filed Form 10B after filing return but before assessment/intimation under section 143(1) was made by revenue, benefit of exemption under section 11 could not be denied merely on account of delay in furnishing audit report.

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CONSORTIUM FORMED BY THREE ENTITIES TO SECURE CONTRACTS RELATED TO THE COMMONWEALTH GAMES ASSESSED TO TAX AS AN AOP.

Editorial Note: Where consortium was formed by three entities for taking certain contracts in relation with Commonwealth Games held in Delhi and there was unified control and management of consortium as far as statutory tax liabilities was concerned, consortium was to be treated as an Association of Persons (AOP) and all members of consortium were to be treated as member of AOP.

CIT(A) CAN'T REMOVE AN ADDITION IF ASSESSEE STAYS SILENT ABOUT INCOME DISCLOSED DURING SEARCH UNTIL ASSESSMENT ENDS.

Editorial Note:

Where assessee-group surrendered before search/survey teams; then disclosed income in return, and maintained silence till completion of assessment, thus stopping AO from making further probe; and ultimately attempted before commissioner (Appeals) to get out of 'undisclosed income', this kind of strategy adopted by assessee could not be accepted and CIT(A) was not justified in allowing assessee's claim of withdrawal of surrender without confronting AO.

CA CAN'T CONTEST DISCIPLINARY COMMITTEE'S ORDER FOR PROCEDURAL LAPSES IF HE ADMITS GUILT BEFORE THE APPELLATE AUTHORITY.

Editorial Note: Where chartered accountant in capacity of tax consultant with a society had misappropriated tax amount of society and was held guilty of professional misconduct and assessee had already admitted to his guilt before Appellate Authority, it did not lie in mouth of assessee to challenge order on ground that procedure had not been followed by Committee.

TRADE ADVANCES RECEIVED IN CASH DURING DEMONETIZATION PERIOD DON'T TRIGGER SEC. 68 IF LATER CONVERTED INTO SALES.

Editorial Note: Where assessee during demonetization deposited substantial amount of cash in banks and claimed that source for cash deposits was out of advance received from customers which were subsequently converted into sales of jewellery, since said trade advances were subsequently converted into sales by issuing sale bills

GOVT. INCREASES INTEREST RATE FOR SUKANYA SAMRIDHI SCHEME FROM 8.0% TO 8.2% FOR Q4 OF FY 2023-24.

Editorial Note: The Govt. has notified the interest rates on various Small Savings Schemes for the fourth quarter of the financial year 2023-24, starting from 1st January 2024 and ending on 31st March 2024. The interest rate remains unchanged for the 4th quarter, except for the 3-year time deposit, which has been raised from 7.0% to 7.1% and the 'Sukanya Samridhi Account Scheme', which is enhanced from 8.0% to 8.2%.



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CORPORATE LAW UPDATES

IMPOSITION OF PENALTY ON PRE-MATURE WITHDRAWAL OF DEPOSITS DIDN'T AMOUNT TO AN ABUSE OF DOMINANCE BY BANK: CCI.

Editorial Note: Where informant had Fixed Deposits with OP bank and OP imposed penalty on premature withdrawal of deposits of informant, since informant had not delineated any relevant market in instant information filed against OP and had not provided any evidence of OP being dominant in market, no case of contravention of provisions of section 4 was made out against OP, and thus, such information was to be closed under section 26



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Tax Compliance Calendar for December 2023

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
7th Jan	Dec 2023	TDS deposit	Non-Government Deductors
		Equalization Levy deposit	All Deductors
11th Jan		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
13th Jan		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 Jan		Deposit of PF & ESI contribution	All Deductors
20th Jan		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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Tax Compliance Calendar for December 2023

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
22nd/24th Jan	Dec 2023	PMT 06 Payment of tax liability	Tax payers (Quarterly Filers under QRMP)
10th Jan		GSTR - 8	Return to be filed by the E-commerce operators who are required to collect TCS

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