

# DEVMANTRA TIMES

## MARCH EDITION

ISSUE NO.37, DATED 1<sup>ST</sup> March, 2024

### Dear Readers,

We welcome you to the Thirty Seventh edition of DevMantra Times for the month of March 2024. We are happy to continue our contribution towards women entrepreneurship and women empowerment. CWE's catalyst and director Nidhi Tatia met with the ITC SheTrades team in Delhi as part of the to engage in a peer-to-peer learning session on best practices for market access and growth for women entrepreneurs in India. It's always a great idea to collaborate, partner and create a bigger impact.



### Economic Updates

#### FM Sitharaman asks GST officers to leverage tech to plug loopholes, better taxpayer services.

Finance Minister Nirmala Sitharaman urged GST officers to leverage technology, share best practices, and ensure seamless coordination across states at the National Conference of Enforcement Chiefs of the State and Central GST Formations. She emphasized the need for clarity on the classification of related issues and stakeholder engagement.

#### RBI approves AU Small Finance Bank acquisition of Fincare Small Finance Bank with effect from April 1.

The Reserve Bank of India has approved the merger between Fincare Small Finance Bank and AU Small Finance Bank. The merger will give AU a foothold in southern India and entry into microfinance. The merged bank will have 2334 branches and AU's gross advances are Rs 67,624 crore.

#### RBI bans IIFL Finance from giving gold loans due to serious deviations.

The Reserve Bank of India has banned the stock exchange listed IIFL Finance from sanctioning and disbursing new gold loans immediately, according to a statement issued by the regulator on Monday. In a strongly worded statement, the RBI has said that IIFL Finance to 'cease and desist with immediate effect from sanctioning and disbursing gold loans or assigning or securitizing or selling any of its gold loans. Gold loans constitute 32% or Rs.20,733 crore of IIFL Finance's total assets under management as of March 31, 2023, according to the finance company's annual report.



#### NABARD estimates Rs.3.62 lakh cr priority sector credit potential for FY25.

The National Bank for Agriculture and Rural Development (NABARD) has projected a priority sector credit potential of Rs 3.62 lakh crore for 2024-25. This projection reflects a remarkable 32 per cent rise from its previous year's assessment.

#### NCLT approves Aditya Birla group plan to merge NBFCs: Sources.

Aditya Birla Group plans to consolidate its non-banking finance companies (NBFCs) to create better synergies and ensure optimal utilization of resources and greater economies of scale, following approval by the National Company Law Tribunal (NCLT).

#### NFRA changes tack, ramps up focus on supervision to boost audit ecosystem: Chairman AB Pandey.

The National Financial Reporting Authority (NFRA) in India has shifted its approach from a predominantly enforcement-driven regulator to one with a judicious approach towards both enforcement and supervision, according to its Chairman Ajay Bhushan Pandey. He highlighted new initiatives, including firm-wide audit quality inspections and engagement with audit panels, independent directors, and boards of listed companies.

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### India among most attractive foreign investment hotspots, says Gerry Grimstone, chairman, Gemcorp Capital Management.

India has become one of the most attractive destinations in the world for foreign investment, but there is a need to level up those states in the country that have fallen behind, said Lord Gerry Grimstone, chairman, Gemcorp Capital Management. As per Gerry Grimstone, five states in India at the moment attract 90% of foreign direct investment. "How do we level up states that have fallen behind or weren't so lucky to benefit from this?" he said. This situation is similar to that in the UK, where there is a huge concentration of economic activity in London, he said.

### RBI clears 'interoperable' net banking payments.

RBI governor Shaktikanta Das said the central bank has approved a platform that will facilitate online merchants to receive payments from any bank via internet banking, without signing up for every bank. Bharat Bill Payment System, an arm of the National Payments Corporation of India, will implement a new system of interoperable net banking payments.



### STARTUP UPDATES



### BigBasket teams up with chef Sanjeev Kapoor to launch frozen food brand Precia.

BigBasket partners with Sanjeev Kapoor to launch frozen foods brand Precia, featuring frozen vegetables, snacks, and sweets. Precia aims to achieve Rs 100 crore in online sales by 2026. "Our partnership with Chef Sanjeev Kapoor marks a decisive leap forward in meeting evolving consumer needs and tapping into new market opportunities," Hari Menon, cofounder of BigBasket said.

### Google vs Indian apps: Payments industry seeks legal changes against Google's app billing policy.

Payments Council of India urges the government to amend laws and protect startups and payment aggregators from Google's monopolistic policies. Google's delisting of apps from the Play Store could impact digital payment volumes and customer conversion. The Competition Commission of India (CCI) suggests offering multiple payment options like Unified Payments Interface and RuPay debit card payments.



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### **Myntra secures \$54 million fund infusion from parent Flipkart.**

Myntra has been attempting to enhance its portfolio of international brands collections, with premium offerings showing fast growth. This as online fashion in the lower-price segments has lately witnessed a softness in demand.

### **IIM Sambalpur, Apna.co enters R&D tie-up to support startup ecosystem.**

Apna.co has signed a memorandum of understanding (MoU) with the Indian Institute of Management (IIM), Sambalpur aimed at a strategic partnership to foster innovation, research and entrepreneurship through collaborative projects, according to a press statement from the jobs and professional networking platform. The collaboration will explore a wide range of innovation and research areas, spanning textiles, arts and culture, agriculture, healthcare, financial and digital inclusivity, tribal entrepreneurship and sustainability.

### **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 endeavor 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**



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### GST REGULATORY UPDATES



**Matter to be remanded back since 36% GST instead of 18% levied because financials didn't reflect state-wise turnover: HC**

#### **Editorial Note:**

Where assessee a private general insurance company filed writ petition challenging an assessment order passed by Competent Authority since said authority had accepted explanation of assessee with regard to certain defects but had imposed GST at 36 percent instead of 18 percent on ground that financial statements submitted by

assessee did not reflect state-wise turnover, impugned assessment order was to be set aside and matter was to be remanded to Competent Authority for reconsideration.

**ITC can't be rejected solely on ground that assessee had not claimed ITC in GSTR-3B: Madras HC**

#### **Editorial Note:**

Assessee claims eligibility for Input Tax Credit (ITC) and states that GSTR-9 (annual) returns were filed duly reflecting ITC claims of assessee, rejection of said ITC

claims based solely on non-declaration in GSTR-3B without considering GSTR-9 and GSTR 2A returns was deemed invalid, therefore order rejecting said claim was quashed, and matter was remanded back.

**Mere discrepancy in date in e-way bill and branch transfer invoice wouldn't lead to evasion of tax; HC set aside penalty.**

#### **Editorial Note:**

Where goods of assessee being transported from one branch to another were intercepted and penalty and tax was imposed on ground that there was a mismatch in e-way bill and tax invoice, mere discrepancy in date in e-way bill and branch transfer invoice would not lead to evasion of tax, thus penalty and tax were not leviable.

**Assessee can pay to supplier by way of setting debt through book adjustment since GST law doesn't put any restriction: AAR**

#### **Editorial Note:**

Where assessee intends to manufacture footwear through independent outsource units under sale and buyback model and expresses its willingness to settle mutual debts through book adjustments and net dues through bank transfer, settlement of mutual debts through book adjustment is a valid mode of payment under GST Act.



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**Gujarat HC direct GST dept. to pass revision order u/s 108 against cancellation of GST without giving reasons.**

**Editorial Note:**

Where Competent Authority had cancelled registration of assessee without giving any reason, assessee was to be granted opportunity of hearing before Competent Authority and appropriate order was to be passed in exercise of power under section 108.

**No reversal of ITC on ground that supplier was non-existent if documentary evidence was duly produced: HC**

**Editorial Note:**

Where order was passed reversing ITC availed by assessee due to cancellation of registration of one of its suppliers, since assessee had produced all relevant materials to establish that purchases were genuine and same were not considered by department, order passed by department was to be set aside and matter was to be remanded for reconsideration.



### INCOME TAX REGULATORY UPDATES



**Loan received from Co. having common shareholder can't be treated as deemed dividend in hands of borrower Co.**

**Editorial Note:**

Where assessee received loan from a company and said company and assessee had common shareholder who was in a position to control affairs of both lender company and receiver concern, deeming provisions of section 2(22)(e) would be attracted in hands of common shareholder and not assessee-concern.

**Society formed to provide education, research, training, etc. eligible for sec. 80G approval: ITAT**

**Editorial Note:**

Where assessee-society, engaged in religious and charitable activities and registered under section 12AA, applied for regular approval under

section 80G(5)(vi), since assessee-society was formed with objects to provide education, research and training, etc. and expenditure incurred by it were not found to be religious in nature, it was eligible for approval under section 80G (5).

**Estimation of profit on contract receipts alone is an erroneous exercise; HC justified Sec. 263 revision.**

**Editorial Note:**

Where assessee was a works contractor and had income from various sources and Assessing Officer rejected assessee's account books and estimated net profit at 6 per cent on gross receipts, since sundry creditors of assessee was not examined by Assessing Officer, estimation of profit on contract receipts alone would be an erroneous exercise and it caused prejudice to interest of revenue.

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### **Discrimination in taxability of leave encashment of bank employees vis-à-vis Govt. employees is valid: Patna HC.**

#### **Editorial Note:**

Differentiation made by State between employees of Central and State Governments on one hand and other employees on other in section 10 (10 AA) is neither discriminating nor violative of article 14 of Constitution, therefore, a retired employee of State Bank of India could not claim parity with employees of Central and State Government.

### **Legal heirs aren't under any statutory obligation to inform I-T Dept. about death of assessee: ITAT**

#### **Editorial Note:**

Where assessee expired when assessment order was being framed and in absence of any specific statutory provision under Income-tax law which requires legal heirs to intimate Department about death of assessee, assessment order could not be held to be valid only for reason that legal heirs of deceased assessee had not informed about death of assessee, and thus, said assessment order could not be revised by taking recourse to 263 proceedings.



### **No Sec. 194H TDS on income of franchisee/distributor from sale of prepaid coupons/starter-kits: SC**

#### **Editorial Note:**

Where assesses entered into agreements with distributors / franchisees for sale of their prepaid products, however, contractual obligations of distributors / franchisees did not reflect a fiduciary character of relationship, or business being done on principal's account, they would not be under a legal obligation to deduct tax at source on income / profit component in payments received by distributors / franchisees from third parties / customers.

### **CBDT extends deadline to process ITRs filed for AY 2021-22 with refund claim to April 30, 2024.**

#### **Editorial Note:**

Due to technical issues or other reasons not attributable to assessee, many validly filed returns for AY 2021-22 couldn't be processed, delaying sending processing intimations within the prescribed timeframe. Thus, the CBDT directed that all validly filed returns for Assessment Years 2021-22 bearing refund claims can be processed until 30-04-2024.



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### CORPORATE LAW UPDATES



**Loans & advances restrictions under Banking Regulation Act shall not be applicable to IFSC banking unit of Foreign Bank.**

**Editorial Note:**

The Ministry of Finance has notified amendment in Banking Regulation Act, 1949. A new proviso has been inserted in Sub-Section 1 of Section 20 i.e., Restrictions on loans and advances. As per the amended norms, the provisions restricting loans and advances on banking companies shall not apply to loans and advances made by an International Financial Services Centers Banking Unit of a Foreign Bank.

**Central Govt. can assign probe to SFIO based on interim report of inspector's u/s 210 of CA 2013: HC**

**Editorial Note:**

The Karnataka High Court ruled that the Government of India can assign a probe to the Serious Fraud Investigation Office (SFIO) under Section 212 of the Companies Act 2013, even if an investigation has already started under Section 210.



**CCI notifies 'Lesser Penalty' Regulations, 2024.**

**Editorial Note:**

The CCI has notified the Lesser Penalty regulations, 2024. Under these regulations, the CCI may impose a lesser penalty than that leviable under the Act. The norms prescribe the conditions for a lesser penalty, and a detailed procedure for grant of a lesser penalty. Further, the norms specify information that needs to be kept confidential, provisions w.r.t inspection and obtaining certified copies of documents. Also, contents of the application for a lesser penalty are mentioned in schedules.

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### Tax Compliance Calendar for January 2024

| Compliance Due Date    | Concerned (Reporting) Period | Compliance Detail   | Applicable To   |
|------------------------|------------------------------|---|---|
| 7 <sup>th</sup> March  | February 2024                | TDS deposit   | Non-Government Deductors  |
|                        |                              | Equalization Levy deposit   | All Deductors   |
| 11 <sup>th</sup> March | February 2024                | GSTR-1 (Outward supply return)  | a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23<br>b) Taxable persons having annual turnover ≤ Rs. 5 crore in FY 2022-23 and not opted for Quarterly Return Monthly Payment (QRMP) Scheme |
| 13 <sup>th</sup> March |                              | GSTR-6 [Return by input service distributor (ISD)]<br>a) GSTR-5 (Return by Non- resident).<br>b) GSTR-5A [Online Information Database Access and Retrieval (OIDAR) services return] | Person registered as ISD<br>a) Non-resident taxable person (NRTP)<br>b) OIDAR services provider   |
| 15 <sup>th</sup> March |                              | Deposit of PF & ESI contribution  | All Deductors   |
| 20 <sup>th</sup> March | February 2024                | GSTR-3B (Summary Return)  | a) Taxable persons having annual turnover > Rs. 5 crore in FY 2022-23<br>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 January 2024

| Compliance Due Date                      | Concerned (Reporting) Period | Compliance Detail               | Applicable To  |
|--|------------------------------|---------------------------------|--|
| 22 <sup>nd</sup> /24 <sup>th</sup> March | February 2024                | PMT 06 Payment of tax liability | Tax payers (Quarterly Filers under QRMP)                                       |
| 10 <sup>th</sup> March                   |                              | GSTR - 8                        | Return to be filed by the E-commerce operators who are required to collect TCS |

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