

DEVMANTRA TIMES

MAY EDITION

ISSUE NO.39, DATED 1ST May, 2024

Dear Readers,

We welcome you to the Thirty Ninth edition of DevMantra Times for the month of May 2024. As we embark on this month's journey, we delve deep into the regulatory announcements set to influence business strategies and market dynamics. From new policies to important updates, we're here to help you stay informed and prepared. Together, let's unravel the mysteries of May and forge ahead with optimism and purpose, with pride we present an update on regulatory announcements.

Economic Updates of

India, Nigeria to increase cooperation in energy, UPI, local currency settlement to enhance economic ties

India and Nigeria are ramping up cooperation in several key areas to bolster economic ties. During a recent visit by an Indian delegation to Nigeria, both countries discussed increasing collaboration in sectors such as crude oil, natural gas, pharmaceuticals, Unified Payments Interface (UPI), local currency settlement systems, and the power sector. Led by Amardeep Singh Bhatia, the delegation included officials from the Reserve Bank of India (RBI), EXIM Bank of India, and the National Payments Corporation of India (NPCI).

India's growth story to benefit Japan's firms, says Nomura

With the Indian economy maintaining high growth, Japanese corporations are showing more interest regarding investment in India, according to Nomura. Manufacturing sectors have been the main driver of Japanese direct investment in India tall date, with transport equipment accounting for 35.1% of direct investment in the country, machinery equipment for 10.5%, and chemicals and pharmaceutical for 6.5% as of end-2022.

Centre aims to make India attractive destination for manufacturing, services: Nirmala Sitharaman

Union Finance Minister Nirmala Sitharaman emphasized the government's focus on policies to make India a manufacturing and investment hub, aiming not only for the domestic market but also for exports. Speaking on Elon Musk's postponed visit, Sitharaman highlighted the government's efforts to attract big companies. She also discussed inflation, employment, and the rule for larger companies to pay MSMEs within 45 days. Gujarat's role in attracting FDI and its readiness for semiconductor manufacturing were also highlighted.

RBI steps up gold buying amid US dollar volatility

RBI increases gold purchases to diversify forex reserves, with gold value contributing to record \$648.5 billion. Gold acquisitions aim to hedge against inflation and currency risks, with increasing faith in gold amidst US dollar volatility and declining dollar reliability.

Consultants urge govt to allow local deals involving foreign currencies via RBI

Consultants and service providers are urging the government to avoid routing domestic deals involving foreign currencies, such as dollars, through the US banking system. Currently, transactions in USD within the country incur a transaction fee. K K Kapila, chairman of Intercontinental Consultants and Technocrats (ICT), highlighted that even local transactions, like from Delhi to nearby Faridabad, must go through the US banking system.



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RBI's ban to impact reputation of Kotak Mahindra Bank more than financial: Ashok Vaswani

What is evident is that our efforts have fallen short of what the regulator expects. My commitment is to further accelerate our efforts and investments. Winning back the trust and reputation with our customers and regulators is number one priority for me and management," Vaswani said after a board meeting to discuss March quarter earnings.

Indian overseas bank adopts multi-pronged approach to ensure recovery from NPA accounts

Indian Overseas Bank successfully reduces Gross NPA to 3.90%. Sale announced for 92 NPA loans totaling Rs 13,471.68 crore. Recovery strategies include Securitisation, Compromise Settlement, Asset Reconstruction, with e-auction on May 28, details on www.iob.in.

IRDAI nod likely soon for IIHL's buyout of Reliance Capital's three insurance arms

IRDAI expected to approve IndusInd International Holdings' acquisition of Reliance Capital's 3 insurance companies. NCLT endorsed IIHL's ₹9,650 crore resolution plan for Reliance Capital. Hinduja Group's Aasia Enterprises aids in equity infusion.

STARTUP UPDATES



Stanford AI leader Fei-Fei Li building 'spatial intelligence' startup

Li, considered a pioneer in the AI field, raised money for the company in a recent seed funding round. Investors included Silicon Valley venture firm Andreessen Horowitz, three of the sources said, and Radical Ventures, a Canadian firm she joined as a scientific partner last year, according to two others.

Reddit CEO beneficially owns 61.5% of class A shares, regulatory filing shows

Those shares were equivalent to 61.5% of the share class, based on a calculation that includes factors such as the right to acquire more shares by exercising stock options and the conversion of Class B shares into Class A shares, according to the filing.

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CII brings out new corporate governance charter for startups

CII launched a corporate governance charter for startups, including a self-evaluative scorecard. The tool allows startups to measure their governance progress, with score changes indicating improvements in governance practices as assessed against the scorecard from time to time.

Startups in India grew over 300 times in ten years: Union Minister Jitendra Singh

India's startup ecosystem flourished under PM Modi's leadership, with significant advancements in space research and economic growth. The country showcased scientific and technological prowess, focusing on empowering the 'Amrit-Peedhi' for sustainable progress.



*Regards & Best Wishes,
Editorial Team*

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 premises 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.

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GST REGULATORY UPDATES



HC remanded matter as order passed by AO confirming imposition of GST on vouchers was unreasoned

Editorial Note:

Where assessee was engaged in business of managing and implementing various reward programs for its corporate clients and it included buying and selling gift vouchers on behalf of clients, since impugned order was unreasoned in respect of imposition of GST on vouchers, same was to be set aside and matter was to be remanded back to Adjudicating Authority for fresh consideration.

HC denied to provide any relief to assessee who failed to provide valid documents of seized stock and differentiate goods

Editorial Note:

Where assessee challenged an interim order and contended that as per Section 67(7), seized goods must be returned if no notice is given within six months of seizure, and time cannot be extended without sufficient cause, since assessee even failed to differentiate stock belonging to them and also failed to produce valid documents in earlier order of writ petition.

Bombay HC set aside order passed without providing personal hearing being in violation of principles of natural justice

Editorial Note:

Where order under section 75(4) of CGST Act was passed without providing opportunity of personal hearing, though requested by assessee, was in violation of principles of natural justice and ex facie contrary to provisions of section 75(4) of CGST / MGST Act, impugned order was to be set aside.

Madras HC quashed order & remanded matter subject to condition that assessee would remit an additional sum of Rs.3,00,000

Editorial Note:

Where show cause notice was issued to assessee in relation to discrepancy between GSTR 1 statement and GSTR 3B returns and upon receipt thereof, assessee had remitted a sum of Rs.3,00,000/- towards tax liability before issuance of assessment order, which was 10 percent to total tax, since assessee was not heard before assessment order was issued.



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Dept. can't raise demand of interest on delayed furnishing of return without initiating any adjudication proceedings: HC

Editorial Note:

Without initiating any adjudication proceedings under sections 73 or 74 of the CGST Act 2017, where liability had been disputed, department could not raise a demand for payment of interest on delayed furnishing of Return under section 39 of the CGST.

Ex-party assessment order to be set aside if proper officer didn't seek further documents from assessee: HC

Editorial Note:

Where petitioner filed a detailed reply to show cause notice proposing demand, if assessing officer was not satisfied with reply of assessee, further detailed should have been sought before forming an opinion, thus ex-parte impugned order passed by assessee officer confirming demand was to be set aside and matter was to be remitted for fresh adjudication.

INCOME TAX REGULATORY UPDATES



Assessee could not be expected to monitor GST portal after cancellation of GST registration: HC

Editorial Note:

Where registration of petitioner was cancelled and subsequently impugned assessment order was issued, after issuing show cause notice to assessee on portal, assessee could not be expected to monitor GST portal in same manner as a registered person for receiving notices, thus impugned order was to be quashed and subject to assessee remitting 10 percent of disputed tax demand, fresh order was to be passed.

No GST exemption on supplying services of manpower with machine and Anti-termite treatment with goods: AAR

Editorial Note:

Where security services provided by applicant is not entrusted to a Panchayat under Article 243G or to a Municipality under Article 243W, therefore, applicant is not entitled to avail exemption in term of Serial No. 3 of Notification No.12/2017-CT(Rate) dated 28-6-20.

ITAT justified additions as assessee failed to prove genuineness of transaction & creditworthiness of investor.

Editorial Note:

Where assessee-company had received share application money from five investor companies through banking channels, since assessee failed to establish



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creditworthiness of investor companies and genuineness of transaction, impugned addition made under section 68 was justified.

CBDT extends due date of filing Form 10A/10AB till June 30, 2024

Editorial Note:

The Central Board of Direct Taxes (CBDT) has extended the due date of filing Form 10AB and Form 10A till 30-06-2024. Such extension shall also be available with respect to applications that are pending or rejected by CIT on account of the fact that the same was furnished after the due date.

No liability to deduct/collect tax at higher rates if payee links PAN-Aadhaar by May 31, 2024: CBDT

Editorial Note:

To address grievances faced by deductors/collectors, the CBDT has specified that for the transactions entered into up to 31.03.2024 and in cases where the PAN becomes operative (as a result of linkage with Aadhaar) on or before 31.05.2024, there shall be no liability on the deductor/collector to deduct/collect the tax at higher rates specified under section 206AA/206CC.



Net provisional Direct Tax collections for FY 2023-24 exceeds Union Budget Estimates by 7.40%: CBDT

Editorial Note:

The Budget Estimates (BE) for Direct Tax revenue in the Union Budget for FY 2023-24 were fixed at Rs. 18.23 lakh crore which were revised and the Revised Estimates (RE) were fixed at Rs. 19.45 lakh crore. The provisional Direct Tax collections (net of the refunds) have exceeded the BE by 7.40% and RE by 0.67%. Further, the provisional figures of Direct Tax collections for the FY 2023-24 represent an increase of 17.70% as compared to the preceding year.

CBDT issues corrigendum to notification on time limit to verify Income-tax Returns

Editorial Note:

The CBDT issues a corrigendum to the notification issued on the time limit to verify Income-tax returns. Para 5 of the notification is amended to provide that ITR shall be deemed invalid if it isn't verified within 30 days of uploading or by the due date as per the Income-tax Act, 1961, whichever is later.



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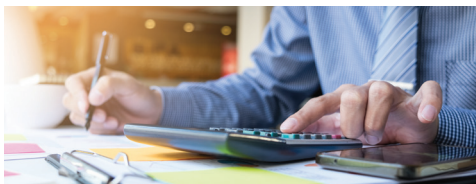
CORPORATE LAW UPDATES



Income from events promoting trade, commerce, and industry by the Indian Chamber of Commerce is exempt u/s 11: ITAT

Editorial Note:

Income derived by Indian Chamber of Commerce from organizing meetings, conferences and seminars for promoting and protecting trade, commerce, and industry would be eligible for exemption under section 11.



Sum received from offshore supply of plant & equipment to be taxable in India if it was part of composite contract

Editorial Note:

Where assessee had entered into a single contract providing for purchase, installation, commissioning, performance –run of a single unit, but assessee was required to ensure proper functioning of paper mill after commissioning through start-up and test-run, contract was a composite indivisible contract of setting up paper mill in India and hence, receipts from offshore supplies of

plant and equipments etc. were taxable in India.

AO can't deny DTAA benefits without invoking GAAR provisions: ITAT

Editorial Note:

Where Assessing Officer denied benefit of tax exemption under India-Mauritius DTAA to assessee on ground that it was a conduit entity set up in Mauritius only for purpose of availing treaty benefits, since such conclusion was not backed by any substantive and cogent material, assessee's claim of exemption under article 13(4) of DTAA was to be accepted.

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Corporate affairs ministry bats for effective cost audits to curb corporate frauds

Editorial Note:

The corporate affairs ministry has underscored the importance of effective and timely cost audits to curb manipulation by unscrupulous elements, a development that comes amid increasing bids by fraudulent companies to mislead authorities with dodgy information about inventory value or related party sales.

Corporate Affairs Ministry highlights the importance of cost audits in preventing manipulation by companies, such as misleading banks and evading taxes like GST. Compliance with the Companies Act, 2013 is crucial for monitoring cost records.

CCI rejects informant's grievance with service conditions as OP lacked dominance in real estate market

Editorial Note:

Where informant, allottee of residential complex developed by OP was aggrieved with having to accept catering and housekeeping services of OP, by virtue of conditions imposed in agreement for sale as well as service agreement entered into by him with OP, and thus, filed information alleging contravention of sections 3 and 4, in view of fact that other than OP.



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Tax Compliance Calendar for March 2024

Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
	April 2024	TDS deposit	Non-Government Deductors
		Equalization Levy deposit	All Deductors
11 th May	April 2024	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
13 th May		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
15 th May	April 2024	Deposit of PF & ESI contribution	All Deductors
20 th May	April 2024	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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Compliance Due Date	Concerned (Reporting) Period	Compliance Detail	Applicable To
22 nd / 24 th May	April 2024	PMT 06 Payment of tax liability	Tax payers (Quarterly Filers under QRMP)
10 th May	April 2024	GSTR - 8	Return to be filed by the E-commerce operators who are required to collect TCS

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