

R.C. JAIN AND ASSOCIATES LLP

NEWSLETTER

February 2024

“Success is a series of small wins”



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IT Notifications

Notification dated 06/02/2024

Notification No. 20/2024

In accordance with section 118 of the Income-tax Act, 1961 (43 of 1961), the Central Board of Direct Taxes is making the following changes to the notification issued by the Government of India in the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, number S.O.4156 (E) dated 2nd September, 2022, as published in the Gazette of India, Extraordinary, Part II, section 3, sub-section (ii) dated the 5th September, 2022:

1. **Amendment of Schedule Reference:** The first change involves substituting the phrase "Schedule below" with "First Schedule" in a particular clause (clause (a)) of the notification. This means that wherever the original notification referred to a schedule, it will now specifically refer to the "First Schedule."
2. **Adjustment of References Within Clauses:** The second change adjusts references within another clause (clause (b)) by substituting "said Schedule" with "First Schedule." This ensures consistency in terminology and clarifies which schedule is being referred to.
3. **Insertion of a New Clause:** A new clause (clause (c)) is being added to the notification. This clause specifies the hierarchical relationship between the Commissioner of Income-tax (Appeals) Unit and the Principal Chief Commissioner of Income-tax. It states that the former is subordinate to the latter, but it also includes a proviso ensuring that the Commissioner of Income-tax (Appeals) retains discretion in exercising their appellate functions.
4. **Renaming of Schedule:** After the insertion of the new clause, the heading "SCHEDULE" in the notification is replaced with "FIRST SCHEDULE" to reflect the changes made throughout the document.
5. **Omission of Serial Numbers and Entries:** Finally, certain serial numbers and their corresponding entries in columns (2) to (4) of the First Schedule are omitted. This means that specific items listed in the original schedule are no longer included, likely due to the decision to remove or modify them for various reasons, such as redundancy or legislative updates.

These amendments are aimed at ensuring clarity, consistency, and alignment with the provisions of the Income-tax Act, 1961. They may also reflect changes in tax administration practices or legislative requirements.

After the FIRST SCHEDULE, the following Schedule shall be inserted, namely Second schedule which can be referred from the said notification

Notification dated 07/02/2024

Notification No. 21/2024

An agreement between the **Government of Republic of India and Government of Samoa** for **exchange of information with respect to taxes**, was signed at Apia, Samoa on 12th day of March, 2020, as set out in the Annexure to this notification

Whereas, the said Agreement came into force on the 12th day of September, 2023, being the date of the later of the notifications of the completion of the procedures required by the respective laws of the contracting states for entry into force of the said Agreement, in accordance with paragraphs 1 and 2 of Article 12 of the said Agreement. Now, therefore, in exercise of the powers conferred by sub-section (1) of section 90 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that all the provisions of the said Agreement, as annexed hereto, shall be given effect to in the Union of India.

The Ministry of Finance, Government of India, issued Notification No. 21/2024-Income Tax dated February 07, 2024, announcing the implementation of an agreement between the Governments of India and the Governments of Samoa regarding the exchange of tax-related information.

The agreement aims **to facilitate the exchange of information relevant to tax administration and enforcement between the two countries. It covers various taxes imposed by both nations and applies to existing as well as future taxes.**

The agreement defines terms, outlines procedures for exchanging information upon request, ensures confidentiality, addresses costs, and mandates legislative compliance. It establishes a mutual agreement procedure for resolving implementation or interpretation issues and sets forth provisions for termination.

The agreement entered into force on September 12, 2023, and remains effective until terminated by either party with a notice period. The notification includes the full text of the agreement, signed in duplicate in Hindi and English, with English prevailing in case of interpretation discrepancies.

Annexures of agreement and articles can be referred from the said notification

Notification dated 21/02/2024

Notification No. 22/2024

The Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, has issued a significant corrigendum through Notification No. 22/2024 on 21st February 2024, amending the Income-tax (Amendment) Rules, 2024. This article delves into the latest updates, corrections, and implications for taxpayers.

Detailed Analysis:

1. **Title Amendment:** The corrigendum substitutes “Income-tax (Amendment) Rules, 2024” with “Income-tax (Second Amendment) Rules, 2024.”

2. **Form ITR-2 Changes:** Introduction of “Amount (Rs.)” column in Schedule 80DD and Detailed schedule revision for claiming deductions related to dependent persons with disabilities.
3. **Form ITR-3 Modifications:** Similar to ITR-2, Form ITR-3 sees the addition of “Amount (Rs.)” column in Schedule 80DD. The revised schedule provides details for deductions concerning dependents with disabilities.
4. **Form ITR-3 Schedule 80U Addition:** A new column, “Amount (Rs.),” is introduced in Schedule 80U for detailing deductions related to persons with disabilities.
5. **Updates in Form ITR-5:** In schedule CG of ITR Form 5, modifications in item (d) and row (ii), where certain figures, letters, and symbols are substituted to reflect changes in tax-related provisions.

These amendments aim to ensure clarity and alignment with tax regulations, particularly concerning deductions related to disabilities and capital gains.

Notification dated 26/02/2024
Notification No. 23/2024

In exercise of the powers conferred by clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 (43 of 1961) read with Rules 5C and 5E of the Income-tax Rules, 1962, the Central Government hereby approves ‘**Punjab University, Chandigarh** (PAN: AAAJP0325R) under the category of ‘**University, college or other institution**’ for ‘**Scientific Research**’ for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.

This Notification shall apply with effect from the date of publication in the Official Gazette (i.e. from the Previous Year 2023-24) and accordingly shall be applicable for Assessment Years 2024-2025 to 2028-2029.

~ Complied by Zaid Fashte

CASE LAWS

1) Issue Involved:

Section 2(22) of the income-tax act, 1961 - deemed dividend - (common shareholder).

- **In the Income Tax Appellate Tribunal “B” Bench Kolkata , case of “Apeejay Surrendra Management Services Pvt. Ltd. Vs DCIT, Circle-8(1), Kolkata”.**

Gist of the Case:

Assessee filed its return of income on 30.09.2013, reporting total loss of Rs.2,16,59,610/-. Assessee is engaged in the business of Brand Owning and Consultancy. During the year, assessee ‘Apeejay Surrendra Management Services Pvt. Ltd.’ (in short ‘ASMSPL’) received a sum of Rs.5,50,11,501/- as loans/advances from another group company called as ‘Apeejay Private Ltd.’ (in short ‘APL’). Assessee is not a registered shareholder of APL (who is a lender company). However, there is a common shareholder namely, Kathua Steel Works Pvt. Ltd. (in short ‘KSWPL’) who holds substantial interest in both the assessee and the lender company.

Assessing Officer, thus, in view of these facts treated the amount of loans/advances received by the assessee from lender Co as deemed dividend u/s. 2(22)(e) of the Act on the basis that there was a common shareholding by KSWPL having substantial interest in both APL and ASMSPL. Assessee had made detailed and elaborate written submission in the course of assessment proceeding by relying on various judicial judgements which could not convince the AO. As a result, assessment was completed by making the addition.

Aggrieved, assessee went in appeal before the Ld. CIT(A), who also confirmed the addition so made. Aggrieved, assessee is in appeal before the Tribunal.

Held:

Keeping these observations and findings of the Hon’ble Apex Court in perspective, we find that both, the assessee and APL are in no way in a position to compel KSWPL in any way for exercising its voting rights in a particular manner. In fact, in the present case, it is the other way that KSWPL, because of its shareholding, is in a position to compel, both the assessee and APL. Accordingly, the deeming provisions of section 2(22)(e) under the second limb are attracted on KSWPL & not to the Assessee.

Thus, the Tribunal set aside the findings of Ld. CIT(A) and deleted the addition of Rs.5,50,11,501/- added in the hands of the assessee (ASMSPL) .

Accordingly, ground taken by the assessee is allowed & the case was held in the favour of Assessee.

2) Issue Involved:

Whether words 'amount of refund' in proviso to section 244A(1) must be given its natural meaning or it would contemplate an artificial split of amount into various components of advance tax, tds, self-assessment tax and tax paid pursuant to demand

- **In the Hon'ble High Court Of Bombay, 'Ceat Ltd. VS. Commissioner of Income-tax'.**

Gist of the Case:

The assessee filed its return of income and paid tax which comprised of advance tax, tax deducted at source and self-assessment tax. While processing the assessee's return under section 143(1), the Assessing Officer made certain additions and raised demand. Consequently, the assessee paid said amount. Thereafter, during scrutiny the order of assessment under section 143(3) was passed raising further demand and said sum was also paid by the assessee. On appeal, the Commissioner (Appeals) passed an order of computing income of assessee. The Assessing Officer passed an order giving effect to the Commissioner (Appeals)'s order computing income of assessee and income was determined lower than the returned income. While granting refund the Assessing Officer computed interest under section 244A and granted interest only on the taxes that were paid pursuant to demands raised, and, denied interest on the advance tax, tax deducted at source and self-assessment tax paid by assessee. On appeal, the Commissioner (Appeals) held that insofar as the self-assessment tax was concerned, assessee was entitled to interest under section 244A(1)(b) for the reason that once assessment was framed, self-assessment tax was appropriated towards the assessed tax and was no longer tax paid before assessment. Insofar as advance tax and tax deducted at source was concerned, the Commissioner (Appeals) upheld the order of the Assessing Officer that since component of refund which was a part of advance tax and tax deducted at source was less than 10 per cent of the tax on assessed income, interest under section 244A(1)(a) was not payable and assessee was entitled to interest on advance tax and tax deducted at source under section 244A(1)(b) for the reasoning given by him for allowing interest on self-assessment tax. The Commissioner (Appeals), however, held that the interest should be granted only from the date of regular assessment (and not earlier) as otherwise it would amount to granting interest specifically declined under section 244A(1)(a). On appeal, the Tribunal, held that the words 'regular assessment' meant the assessment pursuant to the Commissioner (Appeals) order. On appeal to the High Court.

Held

The words "amount of refund" must mean, the whole of the refund and not an artificial split as canvassed by the revenue. Therefore, irrespective of what the words "regular assessment" mean, the proviso would not be attracted.

Reliance has been placed by the revenue on the decision of the Supreme Court in Modi Industries Ltd. v. Commissioner of Income-tax (1995).

When refund is of any advance tax (including tax deducted/collected at source), interest is payable for the period starting from the first day of the assessment year to the date of grant of refund & hence the questions of law have to be answered in favour of the assessee.

~ Complied by Salman Khan

Notification No. 06/2024 – Central Tax

Public Tech Platform for Frictionless Credit

The Central Government has notified “Public Tech Platform for Frictionless Credit” as the system with which information may be shared by the common portal based on consent under section 158A(2) of the CGST Act, 2017.

Section 158A deals with consent based sharing of information furnished by a taxable person. As per this section, the following details furnished by a registered person may be shared by the common portal with such other systems as may be notified by the Government (in this case, such system is the “Public Tech Platform for Frictionless Credit”):

1) particulars furnished in the application for registration under section 25 or in the return filed under section 39 (GSTR 3B) or under section 44 (GSTR 9 i.e, the Annual Return and GSTR 9C i.e, the reconciliation statement)

2) the particulars uploaded on the common portal for preparation of invoice, the details of outward supplies furnished under section 37 (GSTR 1) and the particulars uploaded on the common portal for generation of documents under section 68 (e-way bill);

3) such other details as may be prescribed.

- The Consent of supplier shall be taken in respect of details furnished in the above points.
- The Consent of recipient shall be taken in respect of details furnished in Point 2 and Point 3 above only where such details include identity information of the recipient

“Public Tech Platform for Frictionless Credit” is a platform conceptualized by the Reserve Bank Innovation Hub, a subsidiary of the RBI, on 10th August, 2023. It is developed for the operations of a large ecosystem of credit, to ensure access of information from various data sources digitally and where the financial service providers and multiple data service providers converge on the platform using standard and protocol driven architecture, open and shared Application Programming Interface (API) framework.

It is basically an information hub which extracts information from various sources including the GST common portal. This helps the lenders to have an easy access of the borrowers information which ensures a seamless credit i.e a significant reduction in time, process and documentation in obtaining credit.

~ Complied by Aditya Bhoir

RBI/2023-24/127

DOR.GOV.REC.79/18.10.006/2023-24

February 27, 2024

Appointment/re-appointment of Director, Managing Director or Chief Executive Officer in Asset Reconstruction Companies

Asset Reconstruction Companies (ARCs) Regulatory Framework Review:

- ARCs must obtain Reserve Bank approval for appointment/re-appointment of Directors, Managing Directors, or CEOs.
- Annex I and II provide requisite information and required documents for ARCs.
- Applications must be submitted at least 90 days before the proposed appointment or re-appointment date.
- Additional information/documents may be required for processing.
- Instructions will be effective immediately.

RBI/2023-24/126

CO.DPSS.POLC.No.S1092/02-14-006/2023-2024

February 23, 2024

Amendment to Master Direction on Prepaid Payment Instruments

Master Directions on Prepaid Payment Instruments (MD-PPIs):

- Dated August 27, 2021, prescribes various types of PPIs for banks and non-banks.
- Authorized PPI issuers can issue PPIs for public transport systems.
- The decision aims to provide convenience, speed, affordability, and safety of digital payment for transit services.
- MD-PPIs have been updated by revising paragraph 10.2 of the directive.
- Instructions issued under Section 18 and Section 10 (2) of Payment and Settlement Systems Act.

RBI/2023-24/125

DoR.FIN.REC.77/03.10.123/2023-24

February 22, 2024

Inclusion of Clearing Corporation of India Limited as a Financial Information Provider under Account Aggregator Framework.

- The RBI Retail Direct Scheme, launched on November 12, 2021, allows retail investors to invest in Government Securities.
- Clearing Corporation of India Limited is included as a Financial Information Provider to aggregate financial information on Government Securities held by retail investors.
- The Master Direction – Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016 is being modified accordingly.

RBI/2023-24/124

DOR.STR.REC.78/04.02.001/2023-24

February 22, 2024

Interest Equalization Scheme (IES) on Pre and Post Shipment Rupee Export Credit

Indian Government's Interest Equalization Scheme Extension:

- The Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit has been extended to June 30, 2024.
- The rate of interest equalization is 2% for Manufacturers and Merchant Exporters exporting under specified 410 HS lines and 3% to MSME manufacturers exporting under any HS line.
Modifications to the scheme include:
 - Restrictions on banks pricing loans at an average interest rate greater than Repo Rate + 4% prior to subvention.
 - A cap on the annual net subvention amount has been set at Rs 10 Cr per Importer-Exporter Code (IEC) in a given financial year.
 - All disbursements from April 1, 2023 will be reckoned for this purpose.
 - All other provisions of the circulars remain unchanged.

RBI/2023-24/122

DOR.RET.REC.76/12.07.160/2023-24

February 15, 2024

Exclusion of “Rupee Co-operative Bank Limited” from the Second Schedule to the Reserve Bank of India Act, 1934

It is advised that “Rupee Co-operative Bank Limited” has been excluded from the Second Schedule to the Reserve Bank of India Act, 1934 vide Notification DoR.REG/LIC.No.S4847/07.12.000/2023-24 dated November 29, 2023, which is published in the Gazette of India (Part III - Section 4) dated December 26, 2023.

RBI/2023-24/120

DoR.AUT.REC.74/24.01.041/2023-24

February 09, 2024

Participation of Indian Banks on India International Bullion Exchange IFSC Limited (IIBX)

- Indian banks operating in GIFT-IFSC can now act as Trading Members/Trading and Clearing Members of IIBX.
- Indian banks authorized to import gold/silver can act as Special Category Client1 (SCC) of IIBX.
- Instructions are issued under Section 35A of the Banking Regulation Act, 1949.
- The Reserve Bank may issue further directions or impose additional conditions if necessary.
- Provisions will be effective from the circular date.
- Applicable to all Scheduled Commercial Banks, except Regional Rural Banks.

~ Complied by Prachi Dubey

ROC

I. RELAXATION OF ADDITIONAL FEES AND EXTENSION OF LAST DATE OF FILING OF FORM NO.LLP BEN-2 AND FORM 4D UNDER LIMITED LIABILITY PARTNERSHIP ACT, 2008.

FILING OF FORM LLP BEN-2 AND LLP FORM 4D:

- MCA has prescribed E-Form LLP BEN-2 to file with ROC, the filing of BEN-2 may be filed without additional fee up to **15/05/2024**.
- MCA has also prescribed Limited Liability Partners(LLP) to File return with ROC for declaration of Beneficial Interest in Contribution received by LLP in FORM 4D,the filling of form can be done without any additional fees up to **15/05/2024**.

The E-Form LLP BEN-2 and LLP form 4D shall be available in V3 MCA Portal for **filing from 15/04/2024**.

II. COMPANIES (REGISTRATION OFFICES AND FEES) AMMENDED RULES, 2014

RULE 10A

(1) The Registrar has introduced a new authority as “**Central Processing Center**” established under sub-section (1) of section 396. The CPC **shall examine or cause to be examined every application or e-Form or document required or authorised to be filed or delivered** as provided under sub-rule (3), for approval, registration or taking on record by the Registrar.

(2) The Registrar shall take a decision on the application, e-forms or documents within **thirty days from the date of its filing** excluding the cases in which an approval of the Central Government or the Regional Director or any other competent authority is required.

(3) The Registrar of the Central Processing Center shall exercise jurisdiction all over India in respect of the examination of following application, e-Forms or documents, namely:-

Sr.No.	Details of application, e-Form or documents
1	E-Form no.MGT-14.
2	E-Form no. SH-7
3	E-Form no. INC-24
4	E-Form no. INC-6
5	E-Form no. INC-27
6	E-Form no. INC-20
7	E-Form no. DPT-3
8	E-Form no. MSC-1
9	E-Form no. MSC-4
10	E-Form no. SH-8
11	E-Form no. SH-9
12	E-Form no. SH-11

This amended rule shall come into force with effect from 16/02/2024.

III. NATIONAL SINGLE WINDOW SYSTEM (NSWS)

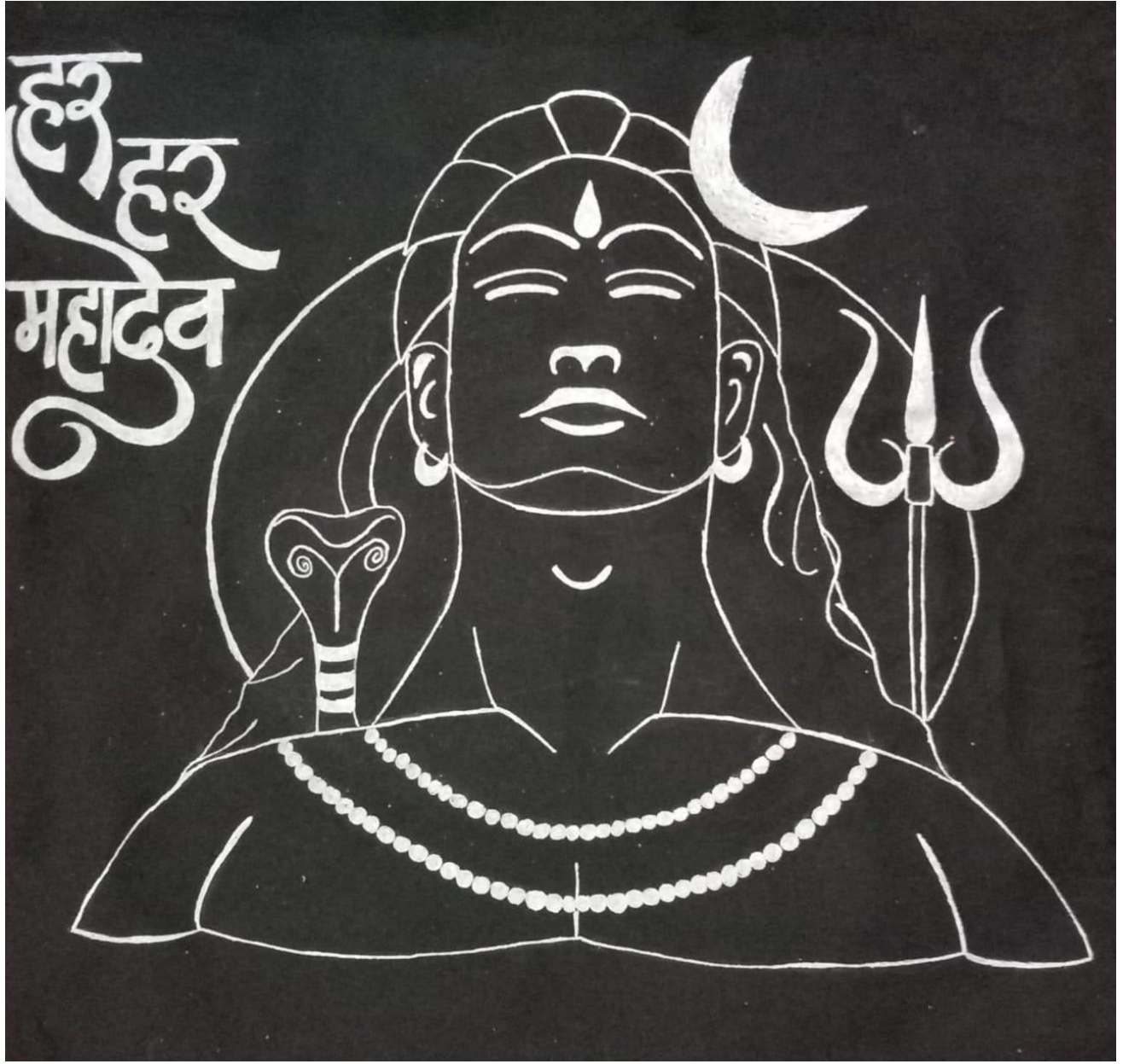
- Ministry Of Corporate Affairs Incorporation Related Services Can Also Be Accessed Through The National Single Window System (NSWS) By Going Through The Following Link: <https://www.nsws.gov.in/>

IV. DEPLOYMENT AND USAGE OF CHANGE REQUEST FORM (CRF) ON MCA-21

- Change request form (CRF) has been made available on V-3 portal of MCA.
- CRF Form is mainly used for purposes that cannot be get done by any existing services or functionality available either at ROC Front office and ROC Back office.
- This can be only used in exceptional cases where there are no solutions by existing services provided by MCA.
- The processing time by ROC is with in 3 days of filing, then it is forwarded to Joint Director who Shall decide matter with in a maximum time of 7 days.

~ Compiled by Riya Bhanushali.

#HUNAAR ART



~ By Nidhi Shetty

Allow us to tell you more!



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