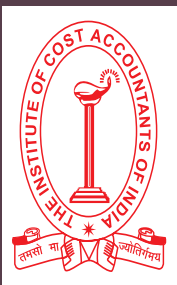


August 2024

TAX Bulletin

Volume - 166
17.08.2024



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100

VISION STATEMENT

“The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally.”

MISSION STATEMENT

“The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”

Objectives of Taxation Committees:

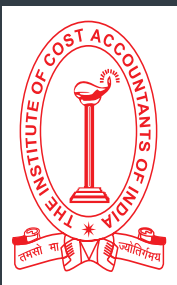
1. Preparation of Suggestions and Analysis of various Tax matters for best Management Practices and for the professional development of the members of the Institute in the field of Taxation.
2. Conducting webinars, seminars and conferences etc. on various taxation related matters as per relevance to the profession and use by various stakeholders.
3. Submit representations to the Ministry from time to time for the betterment and financial inclusion of the Economy.
4. Evaluating opportunities for CMAs to make way for further development and sustenance of the opportunities.
5. Conducting and monitoring of Certificate Courses on Direct and Indirect Tax for members, practitioners and stake holders and also Crash Courses on GST for Colleges and Universities.



August, 2024

TAX Bulletin

Volume - 166
17.08.2024



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100



The Institute of Cost Accountants of India

Statutory Body under an Act of Parliament

www.icmai.in

Certificate Courses Offered by the Tax Research Department

1. Certificate Course on GST (CCGST)
2. Advanced Certificate Course on GST (ACCGST)
3. Advanced Certificate Course on GST Audit and Assessment Procedure (ACGAA)
4. Certificate Course on TDS (CCTDS)
5. Certificate Course on Filing of Returns (CCFOF)
6. Advanced Course on Income Tax Assessment and Appeals (ACIAA)
7. Certificate Course on International Trade (CCIT)

Admission Link - <https://eicmai.in/advsc/DelegatesApplicationForm-new.aspx>

Modalities

Description	Course Name						
	CCGST	ACCGST	ACGAA	CCTDS	CCFOF	ACIAA	CCIT
Hours	72	40	30	30	30	30	50
Mode of Class	Offline/ Online	Online					
Course Fee* (₹)	10,000	14,000	12,000	10,000	10,000	12,000	10,000
Exam Fee* (₹)	1,000 per attempt						
Discounts	20% Discount for CMA Members, CMA Qualified and CMA Final Pursuing Students						

*18% GST is applicable on both Course fee and Exam fee

Eligibility Criteria for Admission

- ▲ Members of the Institute of Cost Accountants of India
- ▲ Other Professionals (CA, CS, MBA, M.Com, Lawyers)
- ▲ Executives from Industries and Tax Practitioners
- ▲ Students including CMA Qualified and CMA Pursuing

On passing the examination with 50% marks a Certificate would be awarded to the participant with the signature of the President of the Institute

Course Details

<https://icmai.in/TaxationPortal/OnlineCourses/index.php>

Courses for Colleges & Universities by the Tax Research Department

Modalities

Eligibility

- ▲ B.Com/ BBA pursuing or completed
- ▲ M.Com/ MBA pursuing or completed

Description	Courses for Colleges and Universities	
	GST Course	Income Tax
Batch Size	Minimum 50 Students per Batch per course	
Course Fee* (₹)	1,000	1,500
Exam Fee* (₹)	200	500
Duration (Hrs)	32	32

For enquiry about courses, mail at: trd@icmai.in

*18% GST is applicable on both Course fee and Exam fee

Behind every successful business decision, there is always a **CMA**



Chairman's Message



CMA Rajendra Singh Bhati
Chairman Direct Taxation Committee

I am happy to note that I have again been bestowed with the responsibility of the Taxation Committee for the year 2024 -25 this time I would be a part of the Direct Taxation Committee. To start off, I see immense changes which are progress and the most important of them being the new changes that re to be brought to the Income Tax Act. The government in its budget recommendations have clearly stated that the work of revamping the Income Tax Act is going on in full swing and it would be very soon that the new and updated act would be brought into the public domain.

Keeping in pace with the Government, we at the Tax Research Department are also working on providing suggestion on the Income Tax Act which are collated from practitioners and Tax assesseees. This job is being done on war footing basis along with the other regular activities of the department.

A webinar has been conducted on 02.08.2024 by the department on the topic, "Deductions for Payments to MSEs under Income Tax Act – An Analysis" wherein CMA Niranjana Swain was the Faculty. The webinar has been aptly participated and widely appreciated.

The classes are being continued for all the 7 taxation courses named below:

- (i) Certificate Course on GST (Batch – 16)
- (ii) Advanced Certificate Course on GST (Batch – 12)
- (iii) Advanced Course on GST Audit and Assessment Procedure (Batch – 9)
- (iv) Certificate Course on International Trade (Batch – 6)
- (v) Certificate Course on TDS (Batch – 12)
- (vi) Certificate Course on Filing of Returns (Batch – 12) and
- (vii) Advanced Course on Income Tax Assessment & Appeals (Batch – 9)

I also urge the members to participate in the webinar scheduled on 22.08.2024 on the topic, "Gearing up to Tax Audit -2023-24". Apart from this the department is continuing all the regular activities with sincerity. I wish them all the best.

Thank You.

CMA Rajendra Singh Bhati

Chairman – Direct Taxation Committee

The Institute of Cost Accountants of India

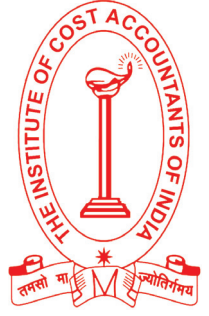
17.08.2024



Chairman's Message

CMA Dr. Ashish P. Thatte

Chairman Indirect Taxation Committee



For the year 2024-25 I have been honoured with the responsibility of being the Indirect Taxation Committee Chairman of the Institute. I am happy have this new responsibility and I am looking forward to work with a vision in delivering the best to the members and stakeholders.

The first thing I noticed on joining that webinars are being conducted for the members for the updation of their knowledge on a regular basis. The following webinars have been conducted in August:

- On 06.08.2024 the topic was “Appeals and Revision under the GST” with CMA Rajesh Kumar Khurana as the faculty and
- On 09.08.2024 the topic was “ GST on Corporate Guarantee “ with CMA D S Mahajani as the faculty

The classes are being continued for all the 7 taxation courses named below:

- (i) Certificate Course on GST (Batch – 16)
- (ii) Advanced Certificate Course on GST (Batch – 12)
- (iii) Advanced Course on GST Audit and Assessment Procedure (Batch – 9)
- (iv) Certificate Course on International Trade (Batch – 6)
- (v) Certificate Course on TDS (Batch – 12)
- (vi) Certificate Course on Filing of Returns (Batch – 12) and
- (vii) Advanced Course on Income Tax Assessment & Appeals (Batch – 9)

Apart from this the department is continuing all the regular activities with sincerity. Good luck to Team TRD.

Thank You.

Ashish Thatte

CMA (Dr) Ashish P Thatte

Chairman – Indirect Taxation Committee

The Institute of Cost Accountants of India

17.08.2024

TAXATION COMMITTEES 2024 - 2025

Indirect Taxation Committee

Permanent Invitees

CMA Bibhuti Bhusan Nayak - President
CMA T C A Srinivasa Prasad - Vice-President

Chairman

1. CMA Dr. Ashish P. Thatte

Members

2. CMA Navneet Kumar Jain
3. CMA Avijit Goswami
4. CMA Dr. K Ch A V S N Murthy
5. CMA Rajendra Singh Bhati
6. CMA Manoj Kumar Anand
7. CMA Dr. V. Murali
8. CMA Mallikarjun Gupta, Co-opted

Secretary

CMA Rajat Kumar Basu, Director

Direct Taxation Committee

Permanent Invitees

CMA Bibhuti Bhusan Nayak - President
CMA T C A Srinivasa Prasad - Vice-President

Chairman

1. CMA Rajendra Singh Bhati

Members

2. CMA Dr. Ashish P. Thatte
3. CMA Manoj Kumar Anand
4. CMA Chittranjan Chattopadhyay
5. CMA Dr. V. Murali
6. CMA Suresh Rachappa Gunjalli
7. CMA Dr. K Ch A V S N Murthy
8. CMA Rajagopal, Co-opted
9. CMA Mrityunjay Acharjee, Co-opted
10. CMA Sachin Kathuria, Co-opted

Secretary

CMA Rajat Kumar Basu, Director

EDITORIAL BOARD

CMA B M Gupta
CMA Rahul Renavirkar

CMA Navneet Jain
CMA Mrityunjay Acharjee

ACKNOWLEDGEMENTS

CMA Ashok B. Nawal
CMA Mrityunjay Acharjee
CMA Amit Sarker
CMA Vishwanath Bhat
CMA Bhogavalli Mallikarjuna Gupta
CMA T K Jagannathan
CMA Shiba Prasad Padhi
CMA Niranjana Swain

CMA Navneet Kumar Jain
CMA Anil Sharma
CMA Arindam Goswami
CMA Manmohan Daga
CMA Poornima M
CMA Rakesh Kumar Sinha

TEAM TAX RESEARCH DEPARTMENT

CMA Rajat Kumar Basu - Director - Tax Research
CMA Tinku Ghosh Das - Joint Director - Tax Research
CMA Priyanka Roy - Deputy Director - Tax Research
Ms. Mukulika Poddar - Senior Officer - Tax Research

CONTENTS

ARTICLES		
01	Budget 2024: Breaking Down the New Tax Regime and Capital Gains Changes - CMA Poornima M	PAGE - 1
02	Computation of Income and Tax liability under the new alternative tax regime under section 115B AC of the Income Tax Act, 1961 - CMA Rakesh Kumar Sinha	PAGE - 6
PRESS RELEASES		
	Indirect Tax	PAGE - 11
	Direct Tax	PAGE - 11
NOTIFICATIONS		
	Indirect Tax	PAGE - 14
CIRCULARS		
	Direct Tax	PAGE - 17
JUDGEMENT		
	Indirect Tax	PAGE - 18
	Direct Tax	PAGE - 20
TAX CALENDAR		
	Indirect Tax	PAGE - 24
	Direct Tax	PAGE - 24
PUBLICATIONS		
	E-Publications of Tax Research Department	PAGE - 25

Articles on the Topics of Direct and Indirect Taxation are invited from readers and authors. Along with the article please share a recent passport-sized photograph, a brief profile and the contact details. The articles should be the author's own original.

Please send the articles to

trd@icmai.in / trd.ad1@icmai.in

Budget 2024: Breaking Down the New Tax Regime and Capital Gains Changes

CMA Poornima M

Cost & Management Accountant



Introduction

India's complex tax landscape has long been a challenge for both individuals and businesses. The Union Budget 2024 aimed to simplify the tax system while boosting economic growth. A key focus of the budget was on the new/default tax regime and capital gains taxation. While the amendments to the new tax regime offered a streamlined approach, the changes to capital gains taxation, especially the initial proposal to remove indexation benefits on real estate, sparked considerable debate. This article delves into the key alterations made to the tax landscape, analyzing their potential impact on individual taxpayers. By understanding the nuances of these changes, taxpayers can make informed decisions to optimize their financial planning.

Changes to the new Tax regime

The new tax regime has been progressively simplified in recent years and Budget 2024 further enhances its appeal. Key changes include:

Revised Tax Slabs: The tax slabs under the new regime have been rationalized to offer lower tax rates for certain income brackets. Here is the comparison between the existing & revised tax slabs (Table 1):

EXISTING		REVISED (FY 2024-25 onwards)	
Taxable Income ₹	Rate of Tax	Taxable Income ₹	Rate of Tax
Up to 3,00,000	Nil	Up to 3,00,000	Nil
3,00,001 to 6,00,000	5%	3,00,001 to 7,00,000	5%
6,00,001 to 9,00,000	10%	7,00,001 to 10,00,000	10%
9,00,001 to 12,00,000	15%	10,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	20%	12,00,001 to 15,00,000	20%
Above 15,00,000	30%	Above 15,00,000	30%

Table 1: Revised Tax Slabs

The revision to the tax slabs would be effective from FY 2024-25 onwards. While there is no change in the basic exemption limit, the tax slab of 5% now applies to incomes between ₹3 lakh and ₹7 lakh, 10% to incomes between ₹7 lakh and ₹10 lakh and 15% to incomes between ₹10 lakh and ₹12 lakh, resulting in expansion of lower tax slabs.

Increased Standard Deduction: The standard deduction under the new regime has been raised from ₹50,000 to ₹75,000, effective from FY 2024-25, providing additional tax relief to taxpayers.

Impact on your Finance

If your salary per month is ₹ 2,00,000, here is the impact of the change on your tax computation as well as earnings (Table2):

EXISTING			REVISED (FY 2024-25 onwards)		
Gross Salary pa	24,00,000		Gross Salary pa	24,00,000	
Standard Deduction	(50,000)		Standard Deduction	(75,000)	
Taxable Salary		23,50,000	Taxable Salary		23,25,000
Income Tax		4,05,000	Income Tax		3,87,500
BEL: 3,00,000	-		BEL: 3,00,000	-	
Next 3,00,000 @5%	15000		Next 4,00,000 @5%	20000	
Next 3,00,000 @10%	30000		Next 3,00,000 @10%	30000	
Next 3,00,000 @15%	45000		Next 2,00,000 @15%	30000	
Next 3,00,000 @20%	60000		Next 3,00,000 @20%	60000	
Bal 8,50,000 @30%	255000		Bal 8,25,000 @30%	247500	
Net Tax Saving: ₹17,500					

Table 2: Changes to the New Tax Regime and its impact on earnings & tax

Enhancement of NPS Deduction: As far as the deduction limit for employer's contributions to the National Pension Scheme (NPS) under section 80CCD(2) is concerned, until now, only the employees of Central & State Governments enjoyed 100% tax deduction up to 14% of salary.

In the latest budget, this limit for private sector employees opting for the new tax regime, has been increased from 10% of salary to 14% of salary, at par with Central/State Govt employees. The increased deduction, effective from FY 2024-25 onwards, translates to higher tax savings for employees as their employer's contribution to the NPS now enjoys a more significant tax benefit. This change is also aimed at promoting long-term retirement savings through the NPS.

contribution to your NPS account will now be eligible for a tax deduction of up to ₹1,68,000 per year (14% of 12 months' basic salary) under section 80CCD(2), compared to ₹ 1,20,000 previously, resulting in a net increase of ₹ 48,000 per year.

Changes in Capital Gains Tax

Budget 2024 has also brought about substantial changes to capital gains tax, particularly affecting investments in real estate and equity markets. These changes would be effective from July 23, 2024 onwards. Key changes include:

Rationalization of Holding Periods: This involves changes to the holding periods for various asset classes (Table3), aiming to simplify the tax regime and bring parity across different investments.

Impact on your Finance

If your basic salary is ₹1 lakh per month, your employer's



EXISTING		REVISED (from 23 July 2024)	
Asset Class	Holding Period	Asset Class	Holding Period
Listed securities	12 months	Listed securities & units of listed business trusts	12 months
Unlisted shares & immovable property	24 months	Unlisted shares & immovable property	24 months
Others (Bonds, Debentures, Units of listed business trusts like REITs/ InvITs & Gold)	36 months	Others (Bonds, Debentures & Gold)	24 months

Table 3: Rationalization of holding periods

In a nutshell, while the holding period for the units of listed business trusts has been reduced from 36m to 12m at par with listed securities, for other assets like bonds, debentures and gold, it has come down from 36m to 24m. No change in the holding period for unlisted shares & immovable properties.

Change in STCG Tax Rate: Budget 2024 significantly increased the Short-Term Capital Gains (STCG) tax rate for specific financial assets like STT-paid equity shares, units of equity oriented mutual funds and units of business trusts. Prior to Budget 2024, the STCG was taxed at a concessional rate of 15%, which is now increased to 20%.

Impact on your Finance

If you have bought 200 shares of SBI in Feb 2024 @₹500 per share and sell these in Aug 2024 @₹900 per share, here is the impact of the change (Table 4):

EXISTING		REVISED (from 23 July 2024)	
Sale Consideration (200 shares @900/share)	1,80,000	Sale Consideration	1,80,000
Cost of Acquisition (200 shares @500/share)	(1,00,000)	Cost of Acquisition	(1,00,000)
Short-term Capital Gain	80,000	Short-term Capital Gain	80,000
Income Tax @15%	12,000	Income Tax @20%	16,000
Increase in Tax Liability: ₹4,000			

Table 4: Change in STCG tax rate and its impact

Increased LTCG Exemption Limit: Budget 2024 brought a positive change for equity investors by increasing the exemption limit for Long-Term Capital Gains (LTCG). Prior to Budget 2024, the exemption limit for LTCG on equity shares and equity-oriented mutual funds was ₹1 lakh per year. This exemption limit has now been increased to ₹1.25 lakh per year.

Uniform LTCG Tax Rate: Budget 2024 also brought a significant change by introducing a uniform LTCG tax rate of 12.5% for all asset classes. This replaced the previous system where different asset classes had varying LTCG tax rates and indexation benefits. Here is the comparison of rates before and after the change (Table5):

EXISTING		REVISED (from 23 July 2024)	
Asset Class	Rate of Tax	Asset Class	Rate of Tax
Listed securities, units of equity-oriented mutual funds and units of listed business trusts	10%	All category of assets	12.5% (No indexation)
Bonds & Debentures	20% (without indexation)		
Others (Immovable Property)	20% (with indexation)		

Table 5: Uniform LTCG tax rate

Impact on your Finance

If you have bought 200 shares of SBI in Apr 2020 @₹200 per share and sell these in Aug 2024 @₹900 per share, here is the impact of the change (Table6):

EXISTING			REVISED (from 23 July 2024)		
Sale Consideration (200 shares @900/share)	1,80,000		Sale Consideration	1,80,000	
Cost of Acquisition (200 shares @200/share)	(40,000)		Cost of Acquisition	(40,000)	
LTCG Exemption	(1,00,000)		LTCG Exemption	(1,25,000)	
Long-term Capital Gain		40,000	Long-term Capital Gain		15,000
Income Tax @10%		4,000	Income Tax @12.5%		1,875
Decrease in Tax Liability: ₹ 2,125					

Table 6: Change in LTCG taxation & its impact

Removal of Indexation Benefits for LTCG on Real Estate: This change aligns the taxation of real estate with other asset classes and eliminates a long-standing tax benefit. While it simplifies the tax structure, it also increases the tax burden for many long-term investors. This could lead to a shift in investment preferences, with a potential focus on shorter-term gains.

For long-term investments, especially those held for several years, the removal of indexation can significantly increase the tax liability. Inflation erodes the purchasing power of money over time and indexation accounted for this. Without it, the taxable gain is higher increasing the tax liability. Eventually, this higher tax burden on long-term investments might discourage investors from holding assets for extended periods, potentially affecting market behaviour.

Impact on your Finance

If you have bought an apartment in Apr 2019 for ₹45,00,000 and sell it in Aug 2024 for ₹60,00,000, there is a



significant difference in the capital gain as well as the tax on such gains. Here is a comparison for better comprehension (Table 7):

EXISTING			REVISED (from 23 July 2024)		
Sale Consideration	60,00,000		Sale Consideration	60,00,000	
Indexed Cost of Acquisition (4500000 x 363/289)	(56,52,249)		Cost of Acquisition	(45,00,000)	
LTCG		3,47,751	LTCG		15,00,000
Income Tax @20%		69,550	Income Tax @12.5%		1,87,500
Increase in Tax Liability: ₹ 1,17,950					

Table7: Removal of indexation benefit & its impact

Roll back of removal of Indexation Benefits: Following outrage and concerns from certain sections of society over the Budget proposal to remove indexation benefits on LTCG, the Government has reportedly rolled back the removal of indexation benefits for LTCG on immovable property. The rollback applies exclusively to properties purchased before July 23, 2024. Taxpayers who bought property before this cut-off date can choose between:

- Paying a 12.5% LTCG tax without indexation benefits or
- Paying a 20% LTCG tax with indexation benefits.

For the properties purchased on or after July 23, 2024, the 12.5% LTCG tax without indexation will apply. This amendment is a relief measure for property owners. By offering a choice to taxpayers, the government has attempted to balance the need for tax revenue with the concerns of the real estate sector.

Conclusion

Budget 2024 introduced a mix of reforms aimed at simplifying the tax regime while addressing the needs of different taxpayer segments. While the new tax regime offers a more straightforward tax calculation, the absence of key deductions might not be advantageous for all. The changes in capital gains

taxation, particularly the rollback of the removal of indexation benefits for real estate, demonstrate the government's attempt to balance revenue generation with taxpayer concerns. The reduction in the LTCG tax rate and the increased exemption limit for financial assets are positive steps, but the elimination of indexation for certain asset classes could impact long-term investment planning.

The increased NPS deduction is a step in the right direction to encourage long-term savings and enhance social security. However, to truly maximize the impact of these changes, increased financial literacy and awareness are essential. As taxpayers navigate the new tax landscape, careful planning and consideration of individual circumstances will be crucial to optimize tax benefits.

Overall, Budget 2024 represents a step towards a more streamlined tax system, but its effectiveness in achieving the desired balance between revenue generation and taxpayer welfare will depend on its implementation and the subsequent policy decisions.

Once the Finance Bill receives the President's assent, the proposed changes become effective.

Source:

1. <https://www.indiabudget.gov.in>
2. <https://incometaxindia.gov.in>

Computation of Income and Tax liability under the new alternative tax regime under section 115B AC of the Income Tax Act, 1961.

CMA Rakesh Kumar Sinha

FCMA

A Practicing Cost Accountant



From the Assessment year 2021-22 government has provided an alternative option to pay tax at the rate which may be more beneficial to the assessee in some cases in comparison to the old regular tax regime. The purpose of the scheme is to provide simple tax computation and tax benefit. Section 115BAC was inserted by the Finance Act, 2020 w.e.f. 1st April, 2021. From the A.Y. 2021-22 to A.Y. 2023-24 it is an optional and only an Individual and HUF are allowed to avail this option.

From the A.Y. 2024-25 it is a by default tax regime for computing the tax liability and apart from the Individual and HUF, Association of persons, Body of Individual, whether incorporated or not and an Artificial judicial person are also allowed to opt this scheme. Further be noted that Co-operative Society, a Firm, a Company and a local authority is not eligible to avail new alternative tax regime.

Many deductions and allowances are not available while computing the tax payable under the new tax regime under section 115BAC.

Following are the list of deductions and allowances which are not allowable under sub section 2 of section 115BAC of the Income Tax Act, 1961 from the A.Y. 2021-22 to A.Y. 2023-24.

1. Section 10(5)- Leave encashment
2. Section 10(13A)- Special allowance for rent paid for residential expenses
3. Section 10(14)- Special allowance other than perquisite
4. Section 10(17)- Income by way of- daily allowance to any person by the reason of the membership of parliament , state legislative or any committee
5. Section 10(32)- Income of minor child clubbed to the income parents up to ₹1500/- per child
6. Section 10AA- Special provision in respect of newly establishment units in special economic zone.
7. Section 16- Standard deduction, Entertainment Allowance & Professional Tax under the head Income from Salary
8. Section 24(b)- Deduction in respect to interest paid in House loan from the Income from House property. **[Standard deduction under section 24(a) i.e. 30% of Net Annual Value of house property and deduction for municipality tax paid is allowable.]**
9. Section 32(1)(iia)- Additional depreciation on Plant & Machinery purchased after 31-03-2005.
10. Section 32AD- Deduction for installation of new Plant & Machinery in notified backward areas in certain states
11. Section 33AB- Tea, Coffee, Rubber development allowance



12. Section 33ABA- Site restoration Fund
13. Section 35(1)(ii)- Any sum paid to a Research association to undertaking scientific research or to a university, college or other institution
14. Section 35(1)(iia)- Any sum paid to a company to be used by it for scientific research
15. Section 35(1)(iia)- Any sum paid to a research association for research in social science , or statistical research or to university
16. Section 35(2AA)- Any sum paid to a National Laboratory, IIT or a Specified person with a specific direction that the sum shall be used for scientific research taken under a programmes approved by the prescribed authority
17. Section 35AD- Deduction in respect of expenditure on specified business being in capital nature incurred wholly and exclusively for the purpose of nay specified business carried out.
18. Section 35CCC- Expenditure on Agriculture extension project.
19. Section 57(iia)- Deduction from family pension by the amount of one-third percent of family pension or ₹ 15000, whichever is less.
20. Deduction under chapter VIA (Section 80C to 80U) except deduction under (i) Section 80CCD(2)- Deduction in respect of contribution to pension scheme of Central Government. (ii) Section 80CCH(2)- Deduction in respect of contribution to Agnipath Scheme. (iii) Section 80JJAA- Deduction in respect of employment of new employees. (iv) Section 80LA- person having unit in the International Financial Services Centre.
21. Without setoff of any loss carried forward, depreciation of earlier year, under the head of Income from House property with any other head of Income
22. Without any exemption or deduction for allowances or perquisite by whatever name

called provided under any other law for the time being in force.

Following are the list of deductions and allowances which are not allowable under sub section 2 of section 115BAC(1A) of the Income Tax Act, 1961 from the A.Y. 2024-25.

1. Section 10(5)- Leave encashment.
2. Section 10(13A)- Special allowance for rent paid for residential expenses.
3. Section 10(14)- Special allowance other than perquisite.
4. Section 10(17)- Income by way of- daily allowance to any person by the reason of the membership of parliament , state legislative or any committee.
5. Section 10(32)- Income of minor child clubbed to the income parents up to ₹ 1500/- per child.
6. Section 10AA- Special provision in respect of newly establishment units in special economic zone.
7. Section 16(ii)- Entertainment Allowance.
8. Section 16(iii)- Professional Tax.
9. Section 24(b)- Deduction in respect to interest paid in House loan from the Income from House property. **[Standard deduction under section 24(a) i.e. 30% of Net Annual Value of house property and deduction for municipality tax paid is allowable.]**
10. Section 32(1)(iia)- Additional depreciation on Plant & Machinery purchased after 31-03-2005.
11. Section 32AD- Deduction for installation of new Plant & Machinery in notified backward areas in certain states.
12. Section 33AB- Tea, Coffee, Rubber development allowance.
13. Section 33ABA- Site restoration Fund.
14. Section 35(1)(ii)- Any sum paid to a Research

- association to undertaking scientific research or to a university, college or other institution.
15. Section 35(1)(iia)- Any sum paid to a company to be used by it for scientific research.
 16. Section 35(1)(iia)- Any sum paid to a research association for research in social science, or statistical research or to university.
 17. Section 35(2AA)- Any sum paid to a National Laboratory, IIT or a Specified person with a specific direction that the sum shall be used for scientific research taken under a programmes approved by the prescribed authority.
 18. Section 35AD- Deduction in respect of expenditure on specified business being in capital nature incurred wholly and exclusively for the purpose of nay specified business carried out.
 19. Section 35CCC- Expenditure on Agriculture extension project.
 20. Deduction under chapter VIA (Section 80C to 80U) except deduction under:
 - (i) Section 80CCD(2)- Deduction in respect of contribution to pension scheme of Central Government.
 - (ii) Section 80CCH(2)- Deduction in respect of contribution to Agnipath Scheme.
 - (iii) Section 80JJAA- Deduction in respect of employment of new employees.
 - (iv) Section 80LA- person having unit in the International Financial Services Centre.
 21. Without setoff of any loss carried forward, depreciation of earlier year, under the head of Income from House property with any other head of Income
 22. Without any exemption or deduction for allowances or perquisite by whatever name called provided under any other law for the time being in force.

Tax Rates applicable under the new alternative tax regime under section 115BAC for the A.Y. 2021-22 to A.Y. 2023-24.

Total Income	Rate of Tax	Surcharge	HEC
Up to ₹ 250000	Nil	Nil	Nil
₹ 250001 to 500000	5% Above ₹ 250000	Nil	4%
₹ 500001 to 750000	₹ 12500 + (Above ₹ 500000) × 10%	Nil	4%
₹ 750001 to 1000000	₹ 37500 + (Above ₹ 750000) × 15%	Nil	4%
₹ 1000001 to 1250000	₹ 75000 + (Above ₹ 1000000) × 20%	Nil	4%
₹ 1250001 to 1500000	₹ 125000 + (Above ₹ 1500000) × 25%	Nil	4%
Above ₹ 1500000	₹ 187500 + (Above ₹ 1500000) × 30%	Nil	4%

Rebate under section 87A:- For the A.Y. 2021-22 to A.Y. 2023-24, tax rebate up to ₹ 12500 is allowable if the total income does not exceeds ₹ 5 lakhs

Note:

1. The above rate of tax is same to all Individuals or Karta of HUF either is below the age of 60 years or senior citizen or super senior citizen.
2. Rate of tax under section 115BAC is not applicable to the income which is taxable at the special rate of tax like Capital gain, dividend from foreign company etc.
3. The surcharge is applicable in cases where the total income exceeds the specified threshold limit as per the relevant provision of the Income Tax Act.


Tax Rates applicable under the new alternative tax regime under section 115BAC(1A) for the A.Y. 2024-25.

Total Income	Rate of Tax	Surcharge	HEC
Up to ₹ 300000	Nil	Nil	Nil
₹ 300001 to 600000	5% Above ₹ 300000	Nil	4%
₹ 600001 to 900000	₹ 15000 + (Above ₹ 600000) × 10%	Nil	4%
₹ 900001 to 1200000	₹ 45000 + (Above ₹ 900000) × 15%	Nil	4%
₹ 1200001 to 1500000	₹ 90000 + (Above ₹ 1200000) × 20%	Nil	4%
Above ₹ 1500000	₹ 150000 + (Above ₹ 1500000) × 30%	Nil	4%

Rebate under section 87A:- For the A.Y. 2024-25, tax rebate up to ₹ 25000 is allowable if the total income does not exceeds ₹7 lakhs

Marginal relief under section 87A:- In cases where the total income is between ₹ 700001/- to 727770/- a marginal relief from tax payable is allowable. Following is the table for example to show the marginal relief of tax under the various range of total income.

Total Income	Tax on Total Income	Total Income	Marginal Rebate	Tax Payable
INR		exceeds ₹7 lakhs		
A	B	C	D(B-C)	B-D
705000	25500	5000	20500	5000
710000	26000	10000	16000	10000
715000	26500	15000	11500	15000
720000	27000	20000	7000	20000
727770	27777	27770	7	27770
728000	27800	28000	0	27800
730000	28000	30000	0	28000

Note:

- The above rate of tax is same to all Individuals or Karta of HUF either is below the age of 60 years or senior citizen or super senior citizen.
- Rate of tax under section 115BAC(1A) is not applicable to the income which is taxable at the special rate of tax like Capital gain, dividend from foreign company etc.
- The surcharge is applicable in cases where the total income exceeds the specified threshold limit as per the relevant provision of the Income Tax Act.

An assessee who have income under the head “Profits & gains from business or profession” have to upload form 10-IE for the A.Y. 2021-22 to 2023-24 on or before the due date to furnish income tax return under section 139(1) to avail alternative tax regime under section 115BAC and for the A.Y. 2024-25 have to upload form 10-IEA to not opt new alternative tax regime under section 115BAC(1A) on or before the due date to furnish income tax return under section 139(1). Thus from the A.Y. 2021-22 to 2023-24 if assessee wants to opt new alternative tax regime is required to furnish form 10-IE and for the A.Y. 2024-25 since new alternative tax regime is by default for all assessee for 10-IEA is required to opting out from the new alternative tax regime.

In other cases where the assessee do not has income from the business or profession, new tax regime is optional for the A.Y. 2021-22 to 2023-24 and from the A.Y. 2024-25 it is in by default. If the assessee wanted

to opt old regular tax regime has to click on option to choose old tax regular regime while furnishing his/her income tax return.

Thus the assessee while planning tax management and computing income tax, should compute tax liability separately as per old regular tax regime and as per the new alternative tax regime under section 115BAC or 115BAC(1A) as the case may be and compare both. Based on this comparative computation of income statement should opt those tax regime which is more beneficial to the assessee. The assessee can withdraw the option once exercised only one time during the previous year other than in which it was exercised and thereafter the assessee shall never be eligible to opt the option under this section. It is important to note that to avail new tax regime the income tax return must be furnished on or before the due date as per section 139(1) of the Income tax Act, 1961. After the due date to file income tax return under the new tax regime will not be allowed.



PRESS RELEASE

INDIRECT TAX

GST collections and other relevant data will henceforth be available on the GST Portal

Posted On: 01 AUG 2024 2:18PM by PIB Delhi

The monthly data regarding the Goods and Services Tax (GST) collections (gross and net) and IGST settlement state wise for the month of July, 2024 has been placed in public domain on the GST website at <https://www.gst.gov.in> under 'News and Updates' section. Further, henceforth GST collections data shall be made available on the said website.

Moreover, data for the CGST, SGST, IGST and Cess, and state wise data on collection and return submission with historical time-series details are also being regularly updated from 2017 under 'GST Statistics' in the 'Downloads' section of the said website.

DIRECT TAX

Record 7.28 crore ITRs filed for AY 2024-25 till 31st July, 2024

5.27 crore ITRs filed in New Tax Regime for AY 2024-25

Over 69.92 lakh ITRs filed on a single day on 31st July, 2024

58.57 lakh first time filers of ITRs till 31.07.2024

Posted On: 02 AUG 2024 2:59PM by PIB Delhi

The taxpayers and tax professionals made their compliances in time, leading to a surge in filing of Income-tax Returns (ITRs), which resulted in a new record of ITRs filed till 31st July 2024. The total number of ITRs for AY 2024-25 filed till 31st July, 2024 is more than 7.28 crore, which is 7.5% more than the total ITRs for AY 2023-24 (6.77 crore) filed till 31st July, 2023.

An increasing number of taxpayers have opted for the New Tax Regime this year. Out of the total ITRs of 7.28 crore filed for AY 2024-25, 5.27 crore have been filed in the New Tax Regime compared to 2.01 crore ITRs filed in the Old Tax Regime. Thus, about 72% of taxpayers have opted for the New Tax Regime, while 28% continue to be in the Old Tax Regime.

The filing of ITRs peaked on 31st July, 2024 (due date for salaried taxpayers and other non-tax audit cases) with over 69.92 lakh ITRs being filed on a single day i.e. on 31st July, 2024. The e-filing portal also observed its highest per hour rate of 5.07 lakh of ITR filing between 07:00 pm to 08:00 pm on 31.07.2024. The highest per second rate of ITR filing was 917 (17.07.2024, 08:13:54 am) and highest per minute rate of ITR filing was 9,367 (31.07.2024, 08:08 pm).

The Department also received 58.57 lakh ITRs till 31.07.2024 from first time filers, a fair indication of widening of tax base.

In a historic first, ITRs (ITR-1, ITR-2, ITR-4, ITR-6) were deployed on the e-filing portal on the first day of the Financial Year ie on 01.04.2024. The ITR-3 and ITR-5 were also released earlier in comparison with the preceding financial years. A lot of emphasis was provided to educate taxpayers about Old and New tax regimes. FAQs and educational Videos on the same were designed and uploaded on the e-filing portal.

Focussed outreach campaigns were carried out on Social Media to encourage the taxpayers to file their ITRs early. Along with this, unique creative campaigns were also carried out on different platforms. Informational Videos in 12 Vernacular languages, apart from English and Hindi, were displayed on digital platforms. Outdoor campaigns were also carried out. Such concerted efforts led to fruitful results with increased number of filings. The following data of ITR filing over the last few years corroborates the same:

AY	Due date	No of Returns filed
2020-21	10/01/2021	5,78,45,678
2021-22	31/12/2021	5,77,39,682
2022-23	31/07/2022	5,82,88,692
2023-24	31/07/2023	6,77,42,303
2024-25	31/07/2024	7,28,80,318

Out of the 7.28 crore ITRs filed for A.Y. 2024-25, 45.77% of ITRs are ITR-1 (3.34 crore), 14.93% are ITR-2 (1.09 crore), 12.50% are ITR-3 (91.10 lakh), 25.77% are ITR-4 (1.88 crore) and 1.03% are ITR-5 to ITR-7 (7.48 lakh). Over 43.82% of these ITRs have been filed using the online ITR utility available on the e-filing portal and the balance have been filed using offline ITR utilities.

During the peak filing period, the e-filing portal successfully handled huge traffic, providing a seamless experience to taxpayers for filing of ITRs. On 31st July, 2024 alone, successful logins stood at 3.2 crore.

The process of e-verification is important to commence

the processing of ITRs and to issue refunds, if any. It is encouraging to note that over 6.21 crore ITRs have been e-verified, out of which more than 5.81 crore are through Aadhaar based OTP (93.56%). Of the e-verified ITRs, more than 2.69 crore ITRs for the A.Y. 2024-2025 have been processed (43.34%) till 31st July, 2024. Over 91.94 lakh challans have been received through TIN 2.0 payment system in the month of July, 2024 (for AY 2024-25), while total number of challans filed through TIN 2.0 since 1st April, 2024 stands at **1.64 crore** (for AY 2024-25).

The e-filing Helpdesk team has handled approximately 10.64 lakh queries from taxpayers during the year upto 31.07.2024, supporting the taxpayers proactively during the peak filing period. Support from the helpdesk was provided to taxpayers through inbound and outbound calls, live chats, WebEx and co-browsing sessions.

Helpdesk team also supported resolution of queries received on the X(Twitter) handle of the Department through Online Response Management (ORM), by proactively reaching out to the taxpayers/ stakeholders and assisting them for different issues on a near real-time basis. The team handled over 1.07 lakh e-mails between the period 1st April to 31st July, 2024 and successfully resolved 99.97% queries.

The Department expresses its gratitude to tax professionals and taxpayers for their support in compliances in filing of ITRs and Forms. Taxpayers are also requested to verify their unverified ITRs if any, within 30 days of filing the ITR.

The Department also urges taxpayers, who for any reason, missed filing their ITR within the due date, to complete their filing expeditiously.

CBDT relaxes provisions of TDS/TCS in event of death of deductee/collectee, before linkage of PAN and Aadhaar

Posted On: 07 AUG 2024 2:59PM by PIB Delhi

The Central Board of Direct Taxes (CBDT) has relaxed provisions of TDS/TCS in event of death of deductee/collectee, before linkage of PAN and Aadhaar.

In view of genuine difficulties being faced by taxpayers, CBDT issued the Circular no. 8 of 2024 dated 05.08.2024, and vide the same, the Government has relaxed the provisions of TDS/TCS as per the Income-tax Act, 1961 (the 'Act') in the event of death of deductee/collectee before linking of PAN and Aadhaar.

In order to redress the grievances of the taxpayers wherein instances have been cited, of demise of the deductee/collectee on or before 31.05.2024 and before the option to link PAN and Aadhaar could have been exercised, the Circular provides that there shall be no liability on the deductor/collector to deduct/collect the

tax under section 206AA/206CC of the Act, as the case maybe pertaining to the transactions entered into upto 31.03.2024.

This is in continuation of Circular no. 6 of 2024 dated 23.04.2024 issued earlier by CBDT wherein the date for linking of PAN and Aadhaar was extended upto 31.05.2024 for the taxpayers (for the transactions entered into upto 31.03.2024) to avoid higher TDS/ TCS as per the Act. The Circular No. 06 of 2024 dated 23.04.2024 and Circular No. 08 of 2024 dated 05.08.2024 are available on www.incometaxindia.gov.in.

NOTIFICATIONS

INDIRECT TAX

GST (CENTRAL TAX)

NOTIFICATION No. 16/2024–Central Tax

New Delhi, dated the 6th August, 2024

S.O (E).—In exercise of the powers conferred by clause (b) of sub-section (2) of section 1 of the Finance Act, 2024 (8 of 2024), the Central Government hereby appoints, —

- (a) the 1st day of October, 2024, as the date on which the provisions of sections 13 of the said Act shall come into force;
- (b) the 1st day of April, 2025, as the date on which the provisions of sections 11 and 12 of the said Act shall come into force.

[F.No. CBIC-20006/20/2023-GST]

CUSTOMS (NON - TARIFF)

Notification No. 54/2024-CUSTOMS (N.T.)

New Delhi, 14th August, 2024

S.O. ... (E).—In exercise of the powers conferred by sub-section (2) of section 14 of the Customs Act, 1962 (52 of 1962), the Central Board of Indirect Taxes & Customs, being satisfied that it is necessary and expedient to do so, hereby makes the following amendments in

the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 36/2001-Customs (N.T.), dated the 3rd August, 2001, published in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-section (ii), vide number S. O. 748 (E), dated the 3rd August, 2001, namely:-

In the said notification, for TABLE-1, TABLE-2, and TABLE-3 the following Tables shall be substituted, namely: -

“TABLE-1

Sl. No.	Chapter/ heading / sub-heading / tariff item	Description of goods	Tariff value (US \$Per Metric Tonne)
(1)	(2)	(3)	(4)
1	1511 10 00	Crude Palm Oil	937
2	1511 90 10	RBD Palm Oil	948
3	1511 90 90	Others – Palm Oil	943
4	1511 10 00	Crude Palmolein	953
5	1511 90 20	RBD Palmolein	956
6	1511 90 90	Others – Palmolein	955
7	1507 10 00	Crude Soya bean Oil	988
8	7404 00 22	Brass Scrap (all grades)	5216



TABLE-2

Sl. No.	Chapter / heading / sub-heading / tariff item	Description of goods	Tariff value (US \$)
(1)	(2)	(3)	(4)
1.	71 or 98	Gold, in any form, in respect of which the benefit of entries at serial number 356 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	795 per 10 grams
2.	71 or 98	Silver, in any form, in respect of which the benefit of entries at serial number 357 of the Notification No. 50/2017-Customs dated 30.06.2017 is availed	903 per kilogram
3.	71	<p>(i) Silver, in any form, other than medallions and silver coins having silver content not below 99.9% or semi- manufactured forms of silver falling under sub-heading 7106 92;</p> <p>(ii) Medallions and silver coins having silver content not below 99.9% or semi- manufactured forms of silver falling under sub-heading 7106 92, other than imports of such goods through post, courier or baggage.</p> <p>Explanation - For the purposes of this entry, silver in any form shall not include foreign currency coins, jewellery made of silver or articles made of silver.</p>	903 per kilogram
4.	71	<p>(i) Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units;</p> <p>(ii) Gold coins having gold content not below 99.5% and gold findings, other than imports of such goods through post, courier or baggage.</p> <p>Explanation - For the purposes of this entry, "gold findings" means a small component such as hook, clasp, clamp, pin, catch, screw back used to hold the whole or a part of a piece of Jewellery in place.</p>	795 per 10 grams

TABLE-3

Sl. No.	Chapter / heading / sub-heading / tariff item	Description of goods	Tariff value (US \$ Per Metric Ton)
(1)	(2)	(3)	(4)
1	080280	Areca nuts	6868"

2. This notification shall come into force with effect from the 15th day of August, 2024.

[F. No. 467/01/2024-Cus.V]

CENTRAL EXCISE (TARIFF)

Notification No. 20/2024-Central Excise

New Delhi, the 16th August, 2024

G.S.R.....(E).—In exercise of the powers conferred by section 5A of the Central Excise Act, 1944 (1 of 1944) read with section 147 of the Finance Act, 2002 (20 of 2002), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 18/2022-Central Excise, dated the 19th July, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 584 (E), dated the 19th July, 2022, namely:-

In the said notification, in the Table, -

- (i) against S. No. 1, for the entry in column (4), the entry “₹. 2100 per tonne” shall be substituted;
2. This notification shall come into force on the 17th day of August, 2024.

[F. No. 354/15/2022-TRU]



CIRCULARS

DIRECT TAX

Circular No. 08/ 2024

F.No. 2751412024-1T(B)

New Delhi, the 5th August, 2024

Sub: Non-applicability of higher rate of TDS/TCS as per provisions of section 206AA/206CC of the Income-tax Act, 1961, in the event of death of deductee/collectee before linkage of PAN and Aadhaar- reg.

As per Circular no. 06 of 2024 dated 23.04.2024, the Board had provided a window of opportunity to the taxpayers upto 31.05.2024 for linkage of PAN and Aadhaar for the transactions entered into upto 31.03.2024 so as to avoid higher deduction/collection of tax under section 206AA/206CC of the Income-tax Act, as the case maybe.

2. Several grievances have been received from the taxpayers where they have cited instances of demise of the deductee/collectee during the said period (i.e. on or before 31.05.2024) before the option to link PAN and Aadhaar could have been exercised. In such cases, tax demands are standing against the deductor/collector as a result of failure to link PAN and Aadhaar of the deceased person
3. In order to redress such grievances of the taxpayers, the Board, hereby specifies that in respect of cases where higher rate of TDS/TCS was attracted under section 206AA/206CC of the Act pertaining to the transactions entered into upto 31.03.2024 and in case of demise of the deductee/collectee on or before 31.05.2024 i.e. before the linkage of PAN and Aadhaar could have been done, there shall be no liability on the deductor/collector to deduct/collect the tax under section 206AA/206CC, as the case maybe. The deduction/collection as mandated in other provisions of Chapter XVII-B or Chapter XVII-BB of the Act, shall be applicable.

JUDGEMENT

INDIRECT TAX

Entire quantity of gold which was seized from assessee to be released on executing bonds: HC

Facts of the case - Velayudhan Gold LLP v. Intelligence Officer, Intelligence Unit, Kottarakara - [2024] (Kerala)

The petitioner was a wholesale dealer in gold jewellery. It carried gold jewellery to various jewellery shops for display. While its employees were visiting a jewellery shop, the search operation was carried out at that shop and there was a difference in quantity mentioned in delivery challan and in actual quantity of gold. The department seized gold and the Adjudicating Authority held that certain quantity of gold was liable to be confiscated and also imposed penalty.

The Appellate Authority held that imposition of penalty and fine in lieu of confiscation in respect of quantity determined by Adjudicating Authority was not proper and proceedings could be continued only in respect of additional quantity which was not mentioned in delivery challan. The petitioner filed writ petition for implementation of order passed by Appellate Authority and release of seized goods.

Decision of the case :

The Honorable High Court observed that it was settled that goods can be released on payment of fine in lieu of confiscation. Moreover, the gold ornaments were stock-in-trade of petitioner and therefore, the entire quantity of gold which was seized from petitioner was to be released on executing bonds in manner and form required by Adjudicating Authority.

Refund rejection order passed merely due to absence of Bank Realization Certificates to be set aside: HC

Facts of the case - Rajiv Sharma HUF v. Union of India - [2024] (Delhi)

The petitioner was engaged in business of trading and export of automotive spare parts, automobile components and other allied products. It filed application for refund of accumulated ITC but the same was rejected on ground of non-submission of BRCs and incomplete bank statements and ledger accounts of suppliers. It filed appeal against the rejection order but the appeal was also rejected. Therefore, it filed writ petition against the rejection of refund.

Decision of the case :

- The Honorable High Court noted that the first reason for rejection of refund was that the petitioner had not provided Bank Realization Certificates (BRCs) for relevant period. As per Circular No. 125/44/2019-GST dated 18.11.2019, furnishing BRCs is not a necessary condition for claiming refund in case of export of goods. Therefore, the claim for refund of ITC could not be rejected by proper officer on ground of non-furnishing of BRCs.
- The Court also noted that the second reason of rejection of refund was that ledger accounts provided by petitioner were incomplete and hence, payments against inward supplies could not be verified with bank statements. The Court held that this issue was required to be examined and therefore matter was remanded back to adjudicating authority for fresh decision.

Order passed on ground that suppliers of petitioner had issued fake invoices without any inquiry to be stayed: HC

Facts of the case - Bhavani Metals v. Union of India - [2024] (Gujarat)

The petitioner was engaged in the business of trading of



scrap. The department passed an order under Section 74 on the ground that suppliers of petitioner had issued fake invoices. The petitioner filed writ petition and submitted that the authority had not taken into consideration the detailed reply filed by petitioner and no reason was assigned as to why reply was not acceptable to authority for invoking provision of Section 16(2)(c).

Decision of the case :

- The Honorable High Court noted that the petitioner had purchased goods from suppliers whose registrations had been cancelled subsequently and therefore, petitioner would not be liable to pay GST which was included in invoices and payment was made through banking channel.
- The Court further noted that the authority could not have invoked provision of Section 16(2)(c) on ground that suppliers had issued fake invoices without any inquiry or investigation. Therefore, it was held that the impugned order was to be stayed during pendency of petition on the condition of depositing ₹. 20 Lakh by the petitioner with the GST authority within a period of two weeks.

Detention of goods and imposing penalty due to expired E-way bill to be quashed if no mens rea to evade tax is established: HC

Facts of the case - Aa Plastics (P.) Ltd. v. Additional Commissioner Grade 2* - [2024] (Allahabad)

The petitioner was engaged in business of manufacturing and supply of LD Polythene Sheets and LD Polythene bags. It had dispatched goods from its unit and the same were detained on ground that E-way bill had expired. It submitted reply stating that truck driver had diverted from route due to personal reasons without informing.

However, the department passed order seizing goods and imposing penalty. It filed appeal but the same was rejected. Thereafter, it filed writ petition against the order.

Decision of the case :

- The Honorable High Court noted that the proceedings

under Section 129 read in conjunction with Section 130 require an intent to evade payment of tax. In the instant case, the department failed to establish any mens rea or intent to evade tax by assessee.

- Further, the Court noted that before passing of seizure order, an amended E-way bill was produced. However, the department failed to record any finding of mens rea with regard to intention to evade payment of tax. Therefore, it was held that the impugned order seizing goods and imposing penalty was liable to be set aside.

HC set aside order since E-way bill was produced before passing of seizure order

Facts of the case - Bans Steel v. State of U.P. - [2024] (Allahabad)

The petitioner was a retail and wholesale distributor of iron and steel. During transportation of goods, the vehicle was intercepted by the GST department and goods were detained on the ground that no E-way bill was found with regard to one of the invoices. Thereafter, the department issued a show cause notice and passed the impugned order imposing tax liability along with penalty.

The petitioner challenged the order in appeal but the same was rejected. It filed writ petition and contended that the E-way bill was submitted before the passing of the seizure order. The department argued that there was a violation of the Act as E-way bill was not accompanying with the goods at the time of interception.

Decision of the case :

- The Honorable High Court noted that the only ground for detention was that goods in question was not accompanying with proper documents and there was intention to avoid payment of tax. However, the E-way bill was produced before the seizure order could be passed and no discrepancy was pointed out in E-way bill by the department.
- Therefore, it was held that the impugned order was to be set aside as the discrepancy was cured by producing E-way bill before passing of the seizure order.

DIRECT TAX

Income-tax Act has no provision to grant refund of relief granted under section 89: HC

Facts of the case - Gurmit Singh Vilku vs. Principal Commissioner of Income-tax - [2024] (Madhya Pradesh)

The assessee was a bank employee and was suspended by the bank in a departmental enquiry. The bank calculated subsistence allowance for the aforesaid period. While paying the subsistence amount, the bank deducted tax (TDS) under section 192 and paid the balance to the assessee.

To claim a refund of the TDS amount deducted by the bank, the assessee filed the return showing nil income. The return was processed without a refund being granted by the Assessing Officer (AO). Later, the assessee filed an application for rectification under section 154, claiming relief under section 89(1). AO passed an order under section 154 allowing relief under section 89 and referred the matter to the Joint Commissioner for approval.

The Joint Commissioner declined to grant relief, stating that the assessee didn't claim section 89 relief in the return filed for the relevant assessment year. Accordingly, no relief could be accepted based on the application filed by the assessee later.

AO passed an order under section 154 and declined to grant the assessee any relief under section 89. On writ petition, the High Court directed the AO to allow section 89 relief and refund the excess tax amount order along with interest.

Being dissatisfied with interest calculation, the assessee filed an instant petition before the High Court. The assessee contended that the principal refundable amount should be equivalent to the amount of relief calculated under section 89(1).

Decision of the case :

- The High Court held that section 192 provides

that any person responsible for paying any income chargeable under the head salary shall, at the time of payment, deduct income tax on the amount payable at the average rate of income tax computed based on rates in force for the financial year in which the payment is made. However, if the pay and allowance paid to the assessee pertain to more than 12 months, relief under section 89 is allowable, and the assessee can claim relief or rebate in tax calculation. The amount of relief or rebate will be adjusted in the amount of tax payable, and the assessee will pay the due amount of tax. If the tax already paid was more than the amount of tax that comes after adjustment of relief, the same will be refunded to the assessee.

- The relief under section 89 is to be considered when calculating the tax payable amount. There is no such provision in the Act to refund the amount of relief granted under section 89 as it is. There may be a situation wherein the assessee may be liable to pay tax even after adjusting/granting relief under section 89. Relief under section 89 is a relief or rebate, not a refund.

No penalty for declaring gain as LTCG instead of STCG if entire tax was paid before assessment order: HC

Facts of the case - Vijay Bhagwandas Raheja vs. Deputy Commissioner of Income-tax - [2024] (Bombay)

The assessee declared the gain arising on the sale of a property as a long-term capital gain. Subsequently, the assessee, having noticed that the gain should have been shown as a short-term capital gain because he had claimed depreciation for the said property in earlier assessment years. He filed a revised computation of total income declaring short-term capital gain and paid the entire capital gain tax thereon.

Considering it to be furnishing of inaccurate particulars of income, the Assessing Officer (AO) passed the assessment order after the assessee furnished a revised



computation of income and levied the penalty upon the assessee under section 271(1)(c).

On appeal, the CIT(A) allowed the assessee's appeal, but the Tribunal reversed it.

The matter then reached before the Bombay High Court.

Decision of the case :

- The High Court relied upon the Supreme Court judgement in CIT v. Reliance Petroproducts (P.) Ltd. [2010] 189 Taxman 322/322 ITR 158, and held that to be covered under the provisions of section 271(1)(c), there has to be concealment of the particulars of the income of the assessee or assessee must have furnished inaccurate particulars of his income. The entire basis is that by initially filing the return of income showing the gain made from the sale of the property as long-term capital gain, the assessee has furnished inaccurate particulars of income.
- Admittedly, the assessee had shown correct sale consideration of the property and the correct cause of depreciation in the return of income, so no income as such has been concealed. The only thing that the assessee did was claim a particular income (capital gain) under a different head, namely, under long-term capital gain as against short-term capital gain.
- No information given in the return was found to be incorrect or inaccurate. The assessment order was passed after the assessee furnished the revised computation of income. It was not as if any statement made or any detail supplied was found to be factually incorrect. Submitting an incorrect claim in the law of long-term capital gain would not be tantamount to furnishing inaccurate particulars.
- The sum and substance of the assessee's case was that he had neither concealed any income nor furnished any incorrect particulars of such income. It was claimed that it was done under the bona fide belief that the asset was a long-term asset as it was held for more than three years. In any event, the entire short-term capital gain was paid even before the assessment order was passed.
- Therefore, such a claim made in the return cannot amount to furnishing inaccurate particulars.

CBDT's circular not extending time for filing application for Sec. 80G approval for new trust is arbitrary: HC

Facts of the case - Sri Nrisimha Priya Charitable Trust vs. Central Board of Direct Taxes - [2024] (Madras)

The petitioner, a charitable trust, was granted provisional approval under section 80G(5) by filing Form No. 10A. Subsequently, the petitioner applied for regular approval by filing Form No. 10AB. The application was filed beyond the due date as per the provisions of section 80G(5).

The Central Board of Direct Taxes (CBDT) issued a circular extending the due date for filing Form No. 10AB for regular approval under section 80G(5) only for the existing trusts and not new ones.

The petitioners filed a writ petition before the Madras High Court challenging the CBDT's circular.

Decision of the case :

- The High Court held that when the impugned circular was issued, the CBDT stated that the reason was to mitigate genuine hardship faced by the trusts in the digital filing of the respective forms. It was essential to note that the only reason shown for exercising the powers was that these trusts faced hardship since they could not apply on time.
- No discrimination or differentiation was made between the existing trusts and the new trusts at the first instance when the circular was issued. When the reason stated by the Board was to mitigate genuine hardship, no reason whatsoever is mentioned to omit "the clause (i) of the first proviso to sub-section (5) of Section 80G of the Act" in respect of the new trusts applying under Form No. 10AB alone.
- There is no reason whatsoever to leave out the new trusts with respect to approval under Section 80G alone. The differential treatment is not based on any substantial distinction that is real and pertinent to the object of the circular. The discrimination is artificial.

- The relevant paragraph only reiterated the eligibility of dedication and the amendments made to Section 115TD of the Finance Act, 2023. Thus, the impugned clause of the circular was declared illegitimate, arbitrary, and ultra vires the Constitution of India.

AO can't insist upon depositing 20% of disputed demand without considering undue hardship of assessee: HC

Facts of the case - Sushen Mohan Gupta vs. PCIT - [2024] (Delhi)

Assessee was subjected to a search and seizure operation under section 132 of the Income-tax Act. Notice under section 153A was issued for the relevant assessment year raising demand. The Assessing Officer (AO) passed the assessment order, and the assessee filed an appeal before the CIT(A). During the pendency of the appeal, the assessee filed a stay application before the AO. The AO disposed of the stay application, directing the assessee to deposit 20% of the outstanding demand.

Aggrieved by the order, the assessee filed stay application before the Principal Commissioner of Income Tax (PCIT). PCIT disposed of the stay application by directing the assessee to deposit 40% of the demand.

Aggrieved-assessee filed a writ petition before the Delhi High Court.

Decision of the case :

- The High Court held that the PCIT failed to examine the prima facie merits of the challenge raised with respect to the assessment orders and evaluate the challenge's prima facie merits. The PCIT placed the assessee under a harsher burden of depositing 40% of the outstanding demand instead of the direction framed by the AO, which had merely insisted upon the assessee depositing 20% as a pre-condition for considering its application for stay.
- Both authorities have failed to deal with prima facie merits, the likelihood of success, and undue hardship. The impugned orders were consequently rendered wholly unsustainable on the aforesaid score alone.

- Accordingly, the writ petition was allowed.

CBDT couldn't condone delay to carry forward loss if same wasn't even claimed in original ITR: HC

Facts of the case - Gaurangbhai Chimanbhai Kapadiya v. Union of India - [2024] (Gujarat)

Assessee filed his return of income for the year 2015-16 belatedly under Section 139(4) by declaring a total income of ₹. 3,30,398. The assessee's account was maintained by a part-time unqualified accountant, and though the assessee had incurred a loss of ₹. 2,52,12,010 on account of derivative transactions, the same was not claimed while filing the return of income.

The case of the assessee was selected for scrutiny assessment, and notices under Section 143(2) and 142(1) were issued, and an addition of ₹. 12,708 was made. Assessee filed a return of income for Assessment Year 2016-17, declaring a total income of ₹. 2,09,140. He had earned a profit of ₹. 80,18,157 for Assessment Year 2016-17 on account of derivative transactions and accordingly adjusted the unabsorbed loss amounting to ₹. 2,52,12,010 incurred by him in the Assessment Year 2015-16.

The Assessing Officer (AO) did not allow the carry forward of loss of Assessment Year 2015-16 as the same was not claimed in the return of income and added an amount of ₹. 80,97,138 to the income of the assessee, raising a demand on the said income.

Assessee applied to the CBDT under section 119(2)(b) to condone the delay in claiming the loss he incurred on account of the derivative transactions. The CBDT rejected the application for the delay in filing the return of income for Assessment Year 2015-16.

The matter reached before the Gujarat High Court.

Decision of the case :

- The Gujarat High Court held that Section 139(3) of the Income-tax Act provides for filing a return of income to enable the assessee to carry forward if the return is filed within time as per Section 139(1). If the assessee made a claim belatedly, the delay in



making such claim can be condoned by the AO for the purpose of permitting the assessee to claim the loss so as to carry forward in the next year for set off. Therefore, there was no question to condone the assessee's delay to carry forward such loss.

- Moreover, the assessee also failed to show any hardships, much less any genuine hardship, when filing the return of income for the relevant Assessment Year only. Thus, no interference was called for in the impugned order passed by the AO.

TAX CALENDAR

INDIRECT TAX

Due Date	Returns
August 20th, 2024	All the non-resident ODIAR services providers should file their monthly return GSTR-5A on or before the given due date of 20th August 2024, for the month of July 2024
	GSTR-3B for Tax payers having an aggregate turnover upto ₹.5 crores
	GSTR-3B for Tax payers having an aggregate turnover ₹. 5 crores and opted for QRMP scheme

DIRECT TAX

Due Date	Returns
August 30th, 2024	Due date for furnishing of challan-cum statement in respect of tax deducted under section 194-IA / 194-IB / 194M / 194S in the month of July, 2024
August 31st, 2024	Application in Form 9A for exercising the option available under Explanation to section 11(1) to apply income of previous year in the next year or in future (if the assessee is required to submit return of income on October 31, 2024).
	Statement in Form no. 10 to be furnished to accumulate income for future application under section 10(21) or section 11(1) (if the assessee is required to submit return of income on October 31, 2024)



E-PUBLICATIONS

Of

TAX RESEARCH DEPARTMENT

Guide Book for GST Professionals

Handbook for Certification for difference between GSTR-2A & GSTR - 3B

Impact of GST on Real Estate

Insight into Customs-Procedure & Practice

Input Tax Credit and In depth Discussion

Taxation on Co-operative Sector

Guidance notes on Preparation and Filing of Form GSTR 9 and 9c

Guidance Note on Anti Profiteering

Handbook on GST on Service Sector

Handbook on Works Contract under GST

Handbook on Impact of GST on MSME Sector

Assessment under the Income Tax Law

Impact on GST on Education Sector

International Taxation and Transfer Pricing

Handbook on E-Way Bill

Filing of Return

Handbook on Special Economic Zone and Export Oriented Units

For E-Publications, Please Visit Taxation Portal
<https://icmai.in/TaxationPortal/>

TAXATION COMMITTEES - PLAN OF ACTION

Proposed Action Plan:

1. Successfully conduct all Taxation Courses.
2. Publication and Circulation of Tax bulletin (both in electronic and printed formats) for the awareness and knowledge updation of stakeholders, members, traders, Chambers of Commerce, Universities.
3. Publication of Handbooks on Taxation related topics helping stakeholders in their job deliberations.
4. Carry out webinars for the Capacity building of Members - Trainers in the locality to facilitate the traders/registered dealers.
5. Conducting Seminars and workshops on industry specific issues, in association with the Trade associations/ Traders/ Chamber of commerce in different location on practical issues/aspects associated with GST.
6. Tendering representation to the Government on practical difficulties faced by the stakeholders in Taxation related matters.
7. Updating Government about the steps taken by the Institute in removing the practical difficulties in implementing various Tax Laws including GST.
8. Facilitating general public other than members through GST Help-Desk opened at Head quarter of the Institute and other places of country.
9. Introducing advance level courses for the professionals on GST and Income Tax.
10. Extending Crash Courses on Taxation to Corporates, Universities, Trade Associations etc.

Disclaimer:

The Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, users should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in these documents does not cover every situation and is not intended to replace the law or change its meaning.

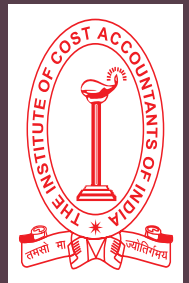
The opinion expressed in Article is fully based on the views of the experts. This information is provided for public services only and is neither an advertisement nor to be considered as legal and professional advice and in no way constitutes an attorney-client relationship between the Institute and the User. Institute is not responsible or liable in any way for the consequences of using the information given.

Contact Details:

Tax Research Department
12, Sudder Street, Kolkata - 700016

Phone: +91 33 40364717/ +91 33 40364798/ +91 33 40364711

E-mail: trd@icmai.in



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

Statutory Body under an Act of Parliament

www.icmai.in

Headquarters: CMA Bhawan, 12, Sudder Street, Kolkata - 700016

Ph: 091-33-2252 1031/34/35/1602/1492

Delhi Office: CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi - 110003

Ph: 091-11-24666100